Building Economic Security in America's Cities

New Municipal Strategies for Asset Building and Financial Empowerment

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About CFED

CFED (Corporation for Enterprise Development) expands economic opportunity by helping Americans start and grow businesses, go to college, own a home, and save for their children's and own economic futures. We identify promising ideas, test and refine them in communities to find out what works, craft policies and products to help good ideas reach scale, and develop partnerships to promote lasting change. We bring together community practice, public policy and private markets in new and effective ways to achieve greater economic impact.

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Foreward

THE IDEA FOR THIS REPORT AROSE from a growing interest in identifying policies and strategies that enable communities to work more holistically to advance the economic prosperity of their most vulnerable residents.

Never has this work been more needed. As the recent economic downturn has revealed, we have become a nation that too frequently lives beyond its means, increasingly only a paycheck away from financial distress. This work and the growing field of asset-building has given us a new way of thinking about poverty -- one based on the depth of overall financial stability not merely based on income. Such a broader view ultimately challenges us to promote greater economic sustainability – one that can sustain us for months versus weeks and over multiple generations.

Approaching anti-poverty work from this view point asks that we re-think the social compact between government and its constituents. It demands that we think beyond reactive policies focused narrowly on crisis intervention and preservation of the safety net, to policies that aim to proactively help individuals out of poverty -- in essence offering them a hand up instead of a hand out.

Who better than the leaders in our cities to help in this effort? Unlike intervention at the state and federal levels, city leaders are more able to "connect the dots" between disparate disciplines that affect the lives and livelihoods of their residents. From affordable housing, to transportation, to banking services, to consumer protection, cities are uniquely positioned to align their array of services to advance the common goal of building the prosperity of all of its residents.

Our hope in supporting this effort is to spread the ideas now bubbling out of a set of innovative places to inspire more communities to develop and replicate policies and practices to build and maintain America's middle class. We look forward to continuing to advance this work together in the coming years.

Jasmine Thomas
Program Officer
Strong Local Economies
The Surdna Foundation

Marian Urquilla
Program Director
Living Cities

Letter from Co-Chairs of Cities for Financial Empowerment

In March 2008, New York City Mayor Michael R. Bloomberg and San Francisco Mayor Gavin Newsom, formed the Cities for Financial Empowerment (CFE) Coalition to bring together those city governments implementing financial empowerment initiatives. The Coalition, which now includes eleven local governments, came together to share lessons learned, harness specific opportunities, and address common challenges.

Since the birth of the field of asset building two decades ago, diverse players have developed promising research and programming across this country and the world. Even more recently, a few local governments have implemented approaches that go beyond traditional municipal efforts to increase incomes and deliver benefits. This thoughtful and detailed report from CFED describes the emergence of the Cities for Financial Empowerment (CFE) Coalition, heralding local governments as new and powerful players helping individuals and families create sustainable pathways to financial stability.

Mayors across the country are recognizing the unique and large-scale ways in which they can leverage municipal power and politics to advance the diverse financial empowerment agenda. Local governments directly touch populations with low and middle incomes at which financial empowerment agendas are aimed, and at the same time regulate or otherwise interact directly with the businesses that can make such a difference in people's economic lives. Armed with a public mandate to serve their entire cities, mayoral administrations also design programs for scale, producing widespread impact, as well as rich data from which researchers and other policy makers can learn.

Whether through access to mainstream banking, financial education and counseling, asset building, or consumer protection, the work of the CFE Coalition, detailed in this report, offers important and replicable ways for others to advance the economic security of their cities' populations. Though much progress has been made, the field of municipal financial empowerment is still young and, in relation to traditional antipoverty funding approaches, secondary. Going forward, and working together with our partners at CFED and elsewhere, the challenges of achieving true scale across the country will lie not just in further documenting the ways in which large-scale financial empowerment initiatives transform lives on their own, but also in ensuring that such initiatives enhance the effectiveness of traditional antipoverty approaches, within which they should be embedded.

We are grateful to the dedicated team at CFED for the careful and respectful way in which they researched and prepared this report. We appreciate the promise of this, and other key partnerships, which have welcomed city governments and the CFE Coalition into the fold.

Jonathan Mintz
Commissioner
New York City Department of Consumer Affairs
Co-Chair, CFE Coalition

José Cisneros
Treasurer
City and County of San Francisco
Co-Chair, CFE Coalition

Executive Summary

Helping individuals and families achieve economic security has never been more critical than it is today. While strategies to help families improve their financial situations have been proliferating in the nonprofit sector for over two decades, these issues have moved to the forefront during these trying economic times. And now as the field grows and matures, new players are emerging, devising new innovative approaches and mobilizing large-scale delivery systems and resources to help families build wealth and assets. This report examines one such set of new players: municipal governments.

Efforts by municipal governments to shore up residents' economic security have traditionally focused increasing residents' income through job creation and job training strategies, and by providing subsidies for housing and other basic goods. What they have not traditionally focused on is parlaying that increased income into savings and durable assets – and then protecting that income, savings and assets from predatory financial practices. However, evidence suggests that to fundamentally change their economic prospects, families not only need income, they also need knowledge of and access to affordable financial products and services; incentives to encourage savings and investment; and consumer protections in the financial marketplace.

A new vanguard of municipal leaders understands these needs and has committed tangible and measureable resources to finding new solutions. They are creating partnerships and programs that expand access to mainstream banking and wealth-building opportunities, as well as help families protect the assets they have and become more financially stable. These local leaders are pioneering new ways to leverage the resources and regulatory power of municipalities to work across departmental silos and public/private sector divides to scale up economic inclusion and asset-building opportunities for low- and moderate-income families. They group these efforts under the broad umbrella of "financial empowerment."

Financial Empowerment Strategies

This report documents an emerging set of financial empowerment strategies that are being piloted and adopted by city governments, often in collaboration with partners from the private, nonprofit and philanthropic sectors. These innovative local efforts have the potential to add a new dimension to the existing efforts to expand economic opportunity and inclusion for residents. More importantly, they have the potential to help financially vulnerable populations benefit from a new range of incentives and protections and thereby gain a stronger foothold in the economic mainstream.

To understand existing municipal-level asset-building efforts and learn about practitioner experiences, CFED worked closely with members of the Cities for Financial Empowerment coalition, cataloging their efforts and documenting the range of program and policy strategies they were implementing to financially educate, empower and protect their residents. We group the strategies under the following five main goals:

Cities for Financial Empowerment Coalition

The member cities are:
Chicago
County of Hawai'i*
Los Angeles
Miami
Newark
New York City (co-chair)
Providence
San Antonio
San Francisco (co-chair)
Savannah
Seattle

1. IMPROVE ACCESS TO HIGH QUALITY FINANCIAL INFORMATION, EDUCATION AND COUNSELING

To build the financial capability necessary to effectively manage money and choose sound financial and credit products, households need access to timely, useful financial information and advice. Cities are working with private sector and community partners to help households build their financial knowledge and improve their financial behavior through quality financial education and counseling. To help improve the quantity and quality of the financial education and counseling services available to residents, cities typically engage in three activities: increasing their understanding of current providers of financial education and counseling; increasing access to these providers – either by creating referral networks or connecting education and counseling to existing programs; and working to improve the quality of programs.

2. INCREASE ACCESS TO INCOME-BOOSTING SUPPORTS AND TAX CREDITS

Stabilizing and maximizing income is a critical step toward financial security and economic opportunity. Without sufficient income, one does not have the wherewithal to meet basic needs, let alone save for the future. For many low-wage workers, however, employment can be unstable and earnings unpredictable. In addition, the wages for jobs that are available to those without post-secondary education have stagnated over the past several decades. As a result, many are forced to incur debt just to finance basic needs.

Cities have traditionally provided a range of services and benefits to help people in times of need; however, recently cities have begun to devise new ways to leverage existing services and benefits to reach the largest number of residents possible.

3. CONNECT RESIDENTS TO SAFE, AFFORDABLE FINANCIAL PRODUCTS AND SERVICES THAT REDUCE COSTS AND FACILITATE SAVINGS

A household's ability to save depends on several factors: minimizing costs for basic goods and services, access to convenient, low-cost financial products and structures (transaction, saving, credit and insurance products as well as direct deposit, automatic enrollment, etc.), and financial capability related to money management, financial products and credit.

The reality for many low-income households is that their incomes are insufficient to reliably cover basic costs – let alone unexpected emergencies – and so they must rely on credit to bridge the gaps. Use of high-cost credit products creates a cycle of debt that increases monthly expenses and further limits ability to save. There is no quick fix to break the debt cycle or put household balance sheets back in the black. However, there is increasing awareness among government and community leaders about the gravity of the problem, as well as a commitment to improving the affordability, accessibility and quality of financial products and services.

4. CREATE OPPORTUNITIES TO LEVERAGE SAVINGS INTO APPRECIABLE ASSETS

Emergency savings are essential for families to weather crises in the short-term. In the longer term, however, families really begin to get ahead when they have mastered good savings behavior and are able to leverage their savings (together with affordable financing and public subsidies) into appreciable assets such as an education credential, home or business.

Local governments have begun to expand their efforts to help families – particularly those of modest means – to build a range of liquid savings and tangible assets. While cities have continued their traditional efforts to spur homeownership and small business development, they have begun to do so in innovative ways. In addition, they have also begun to support the attainment of post-secondary education credentials and have recognized that vehicles are critical assets that facilitate one's ability to maximize income.

5. PROTECT CONSUMERS IN THE FINANCIAL MARKETPLACE

A final element of household financial security and empowerment is protection against loss of income or assets, extraordinary costs, and harmful or predatory external forces. Financial setbacks due to loss of income can be significantly cushioned or even avoided if households have access to adequate, affordable and fairly-priced health, unemployment, disability and life insurance. Similarly, assets and wealth gains can be protected through access to adequate, affordable and fairly-priced property insurance, as well as consumer protections from deceptive or predatory financial products and practices, and foreclosure prevention programs and counseling.

Goal	City Strategies
Improve access to high quality financial information, education and counseling	■ Financial education and counseling networks and referral structures ■ Neighborhood-based financial one-stop centers ■ Incorporating financial education into social service and workforce programs ■ Standardizing and credentialing of financial education services and providers
Increase access to income-boosting supports and tax credits	■ Leveraging technology to streamline public benefits screening and uptake ■ Access points for benefits screening in high-need communities ■ Funding for free/low-cost tax prep services ■ VITA and EITC public awareness campaigns ■ Enacting a locally-funded EITC
Connect residents to safe, affordable financial products and services	■ Creating and promoting low-cost transaction and savings products through Bank On campaigns or in partnership with financial institutions ■ Affordable credit products, e.g., small dollar, refund anticipation or auto refinance loans ■ Encouraging employers to use direct deposit
Create opportunities to build savings and assets	■ Short-term and emergency savings products ■ Incented savings accounts, e.g., Individual Development Accounts (IDAs), college savings accounts, or other accounts for uses such as buying a home or a vehicle ■ Expanding access to small business capital and training ■ Tax assistance for the self-employed ■ Shared-equity homeownership
Protect consumers in the financial marketplace	■ Limiting or managing the proliferation of alternative, high-cost financial service providers through licensing and zoning powers ■ Curbing predatory consumer lending through enforcement of local disclosure laws or litigation ■ Foreclosure prevention strategies, including foreclosure counseling, forgivable emergency loans, encouraging lender workouts and assistance to tenants in foreclosed properties

Unique Added Value of Municipal Governments

Municipalities can and do play unique roles in advancing and promoting household financial stability and helping to bring the best practices incubated through nonprofits to greater scale. In this report, CFED identifies a dozen value-added roles that municipal governments can play that provide critical capacities to the field. Local governments can champion efforts, convene the diverse local stakeholders and use their influence to persuade other actors to engage in these issues. They can communicate to residents through public awareness and social marketing campaigns, connect residents to resources, and give their stamp of approval to products or services, providing a powerful legitimizing effect for residents. Local governments can also use their powers to integrate financial empowerment work into existing programs and services, tap existing sources of federal, state and local funding to sustain this work, and serve as testing grounds for pilots and evaluation, creating an environment of experimentation for innovation. Furthermore, they can advocate on behalf of larger policy efforts while often possessing the authority to regulate and scrutinize problematic practices. This report seeks to signal the importance of engaging local government officials into this work and to help those officials exercise their diverse and valuable roles.

12 Key Roles for Local Government

- Champion
- Convene
- Persuade
- Communicate
- Connect
- Legitimate
- Integrate
- Sustain
- Pilot
- Advocate
- Regulate
- Evaluate

From Innovation to Systems Change: The Road Ahead

The fast pace of growth and adoption of these strategies is an indicator that the work is filling important gaps in the set of services that cities provide to their residents to help them fully and fairly participate in the economic mainstream of their communities. However, while the proliferation of financial empowerment strategies is exciting, in order for these strategies to be sustainable and continue to grow, we must strengthen the foundation for doing this work going forward. Below are four key recommendations for how these efforts can be advanced.

1. INTEGRATE FINANCIAL EMPOWERMENT AND ASSET BUILDING INTO CITY SERVICES

The fundamental approach of each of the cities documented in this report is to embed and centralize financial empowerment and asset-building strategies within city administration. They aim not to create separate or independent programs, but to create connection points within and between multiple service areas. Each of them has made significant strides in integrating financial empowerment work into the myriad of agencies that serve residents – working to ensure that no matter what door a person walks through, they can access the financial supports, products and services they need. Yet, there is a great deal more to be done.

In any given city, the agency that houses the financial empowerment work imparts a distinctive stamp on the kinds of issues, partners and strategies that become priorities. However, in the long run, to increase efficacy and efficiency, city leaders must look more broadly across public agencies and encourage all of those with a stake in the game to see the relevance of financial empowerment work to their own agendas. Municipal leaders should actively encourage the incorporation of financial empowerment services into other systems such as workforce development/job training, housing, economic development, education, public utilities, human services and other core city functions.

2. ALIGN LOCAL, STATE AND FEDERAL POLICIES

Cities' ability to deliver services that help individuals boost income, reduce debt, increase savings, and build and protect assets is partially dictated by state and federal policy permissions and prohibitions. In the best case relationship, state and federal governments will provide adequate resources to carry out policy mandates and, at the same time, will eliminate barriers to innovation for local governments. Local governments, for their part, will take advantage of incentives to improve policy and use the flexibility they have to devise innovative ways to address local needs.

Across the strategies described in this report, there are examples of policy synergy among levels of government – where local, state and federal structures, funding and rules align to maximize government investment. Unfortunately, however, there are also instances where policies at different levels of government are out of step or even working at cross purposes. Better alignment of policies at local, state and federal level is needed.

3. INVEST IN EVALUATION

Experimentation at the municipal level can spur innovation in cities nationwide and lead to adoption of innovative strategies through state and federal policy. However, to accelerate this process, more needs to be done to demonstrate the effectiveness and impact of the strategies described in this report.

Cities have certain advantages as pilot testers for innovative programs: they have access to large qualities of personal data; they are trusted sources of independent information; and they have a vested interest in rigor because they would likely incur costs of any new programming. In addition, they have better access to community-based organizations and research institutions than a single nonprofit implementing a pilot program would; and, although smaller scale than a large federal pilot, they can provide the basis for investment in a federal pilot or policy change.

As state and federal leaders and private foundations increase their investment in municipal pilot programs, it is critical that they do so at a level that enables – and even requires – evaluation to occur so that we can know whether the strategy is effective or simply inspired.

4. PLAN FOR POLITICAL TRANSITION

While political leadership and champions are effective ways to get financial empowerment initiatives off the ground, that same affiliation has the potential to limit the longevity of the initiative during times of political transition. Without careful planning and institutionalization of the work, political and financial support may dry up under new city leadership.

Embedding financial empowerment work in the ongoing operations and functions of a city agency may increase staying power and potential for true systems change. Similarly, securing permanent city funding for privately-funded pilots is essential to the sustainability of the work.

** The County of Hawai'i joined the Coalition in September, 2010, after the research for this publication was completed, and as such, information on the County's financial empowerment work is not included in this report.*

A New Role for Local Government in Poverty Alleviation

CITIES HAVE LONG BEEN THOUGHT OF as places of opportunity for low-income workers to forge pathways to the middle class. But far too many urban households have remained stuck in a cycle of poverty. In addressing poverty, local government has traditionally focused on increasing employment opportunities through job creation and job training programs, in addition to subsidizing consumption through income supports and subsidies for housing and other basic goods.

> *"Local elected officials have a largely untapped, but powerful role they can play to financially empower and protect their residents by promoting financial education, asset building and easy and safe access to mainstream banking. By strategically leveraging the unique opportunities inherent in municipal government, including its many enforcement powers, city halls across the country can broadly, swiftly and effectively help move large numbers of people toward financial stability."*
>
> Jonathan Mintz, Commissioner,
> Department of Consumer Affairs, New York City
> Co-Chair, CFE Coalition

A growing body of evidence suggests that traditional income supports, housing subsidies and workforce programs are necessary but not sufficient to help families stabilize their financial lives and escape poverty. A new vision – backed by a growing body of research – holds that while income is vital to financial security, a household also needs to have knowledge of and access to affordable financial products and services to build the savings and financial cushion that enable upward mobility. Policies that protect consumers in the financial marketplace and that facilitate and incent savings and investment among low-income households can work in conjunction with traditional anti-poverty policies and programs to help families get ahead financially.

Asset-building programs have been proliferating in the nonprofit sector for over a decade. In recent years a growing number of city leaders have become champions of asset-building strategies and find them to be a natural adjunct to the roles they already play. Municipal leaders are connecting families to programs that expand access to mainstream banking and wealth-building opportunities, as well as helping families protect the assets they have and become more financially stable. Across the country, local leaders are pioneering new ways to innovate and leverage the resources and regulatory power of municipalities to work across departmental silos and public/private sector divides to scale up financial empowerment and asset building opportunities for low- and moderate-income families.

This report catalogs emerging asset-building and financial empowerment policies and program strategies that are being piloted and adopted by some city governments, often in collaboration with partners from the private, nonprofit and philanthropic sectors. These innovative local efforts have the potential to add a whole new dimension to existing tools and strategies that boost economic opportunity and inclusion in urban areas today. Specifically, they have the potential to help low-income and financially vulnerable populations benefit from new incentives and protections and thereby gain a stronger foothold in the economic mainstream.

In addition to cataloging the program and policy strategies currently being undertaken by municipalities, this report also explores the roles that municipalities can play in advancing and promoting household financial stability and identifies potential impediments to such efforts. We include a number of observations about engaging in this work and provide suggestions for the types of issues that city leaders might consider as they think about beginning this work in their own communities.

To research and produce this report, the Corporation for Enterprise Development (CFED) worked closely with members of the Cities for Financial Empowerment (CFE) Coalition. The authors met with them, cataloged their efforts, and documented the range of program and policy strategies they were implementing to financially educate, empower and protect their residents. The research team also reviewed national policy research focusing on municipal-level asset building and studied local government legislative powers.

Cities for Financial Empowerment

CFE Cities for Financial Empowerment

The member cities of the Cities for Financial Empowerment (CFE) Coalition are seeking to expand the vision of what municipal government can and should do on behalf of their residents with low and moderate incomes. The member cities of CFE are creating bold, "in-house" financial empowerment agendas. CFE cities strongly believe that municipalities are uniquely poised to implement innovative and effective programs, to create powerful partnerships and to deliver forward-thinking services to the communities they serve every day. Cities have the ultimate ability to bring any number of key players to the same table – financial institutions, community organizations, think tanks, other government agencies and funders – and their unique bird's eye perspective on the resources and challenges in their own communities allows them to develop and target the programs that work most effectively. These opportunities, combined with the can-do mentality of local government, allow for tremendous gains for residents in need of financial empowerment.

Financial Empowerment: An Emerging Approach

THE TERM "FINANCIAL EMPOWERMENT" has recently emerged and been embraced by a growing number of cities as a way to broadly describe their asset-building work and their new and expanding efforts to ensure that financial education and protection is broadly available to help families with low incomes stabilize their economic lives. The goal of this approach is to boost income, reduce debt and increase savings. Financial empowerment strategies include improving access to quality financial information, increasing access to work supports and tax credits, connecting residents to appropriate financial products, creating opportunities to leverage savings into appreciable assets and protecting consumers in the financial marketplace. Financial empowerment initiatives provide practical solutions that foster real change in the lives of working families.

How Did Cities Get Involved in this Work?

SOME CITIES BECAME INTERESTED IN FINANCIAL EMPOWERMENT WORK through their involvement with Earned Income Tax Credit (EITC) campaigns and free tax-assistance. Others approached financial empowerment through citywide efforts to help families living in poverty or in supporting residents to return to the workforce. As the more traditional anti-poverty and workforce strategies were assessed to determine long-term effectiveness, city leaders started to recognize the importance of implementing financial education and asset building approaches along with existing income-focused public assistance.

In Newark, the city started coordinating Volunteer Income Tax Assistance (VITA) sites – even locating one of the sites in City Hall – because of the low take-up rate of the EITC. The city recognized that the reason many people were not claiming their refund was due to a lack of awareness about the program and so began integrating financial education and public awareness campaigns into this work, which often meant working with and coordinating the work of the city's asset-building programs.

Similarly, San Antonio was coordinating the EITC and VITA work and recognized that this strategy was only the tip of the iceberg in helping families achieve financial well-being. With the large-scale expansion of the city's EITC work through partnerships with financial institutions and local nonprofits, San Antonio officials saw that they could use the city's influence to create new, innovative financial products for low-income residents.

In San Francisco, while the city itself was not coordinating the VITA work, they were trying to build the take-up rate of the EITC with a local cash match, called the Working Families Credit (WFC). The WFC was launched out of the Treasurer's office, which sent 10,000 checks to low-income families who qualified. City officials were concerned that thousands of these checks would be taken to check cashing outlets and sent out a letter that advised people to take their check to any of 10 banks that would cash it for free. This work led to the creation of the Bank on San Francisco campaign, which offers several low-cost savings options to unbanked households and has been replicated by dozens of cities across the country.

Other cities, such as Los Angeles, Savannah and New York, launched financial empowerment strategies based on both their involvement with EITC and the work and recommendations of blue-ribbon anti-poverty task forces commissioned or led by the mayor. New York City launched a new office in City Hall called the Center for Economic Opportunity, which created the Office of Financial Empowerment and strategically located it within the Department of Consumer Affairs to leverage the city's licensing and enforcement powers. In Los Angeles, the mayor was asked to chair the Poverty, Work and Opportunity Task Force for the U.S. Conference of Mayors. The city worked with the Brookings Institution to research best practices and anti-poverty strategies grounded in research and with bipartisan support. Los Angeles

Table 1. CFE City Financial Empowerment Entry Points and Champions

City	Local Government Champion	Entry Point into Financial Empowerment	Where Work is Housed	Population (Rank)
Chicago	Mayor, Treasurer	Financial education initiative	Treasurer (elected)	2,740,224 (3)
Los Angeles	Mayor, Economic Development Policy	Mayor chaired U.S. Conference of Mayors National Task Force on Poverty	Office of the Mayor	3,770,590 (2)
Miami	Mayor, Special Projects Administrator for the City of Miami	EITC outreach campaign developed into a citywide anti-poverty initiative, which became ACCESS Miami	Office of the City Manager – Economic Initiatives	352,064 (42)
Newark	Mayor, Deputy Mayor	Newark Now (Mayor's nonprofit); Brick City Development Corporation (City's CDC)	Office of the Mayor and independent organization Newark Now	265,375 (68)
New York	Mayor, Deputy Mayor for Health and Human Services, Commissioner of Consumer Affairs	Mayor's Anti-Poverty Blue Ribbon Task Force; Tax-time efforts (i.e., VITA, local EITC)	Department of Consumer Affairs, Office of Financial Empowerment	8,246,310 (1)
Providence	Mayor, Office of Human Services	AECF Making Connections, Poverty Commission	Pathways to Opportunity	170,220 (137)
San Antonio	Mayor, Director of the Department of Community Initiatives	AECF Making Connections; VITA site administration	Department of Community Initiatives	1,267,984 (7)
San Francisco	Mayor, Treasurer	Local EITC	Treasurer (elected)	757,604 (12)
Savannah	Mayor	Step Up Savannah, Poverty Task Force 2003; Supporting Work project funded by Ford Foundation and the Families and Work Institute	Office of the Mayor and independent organization Step Up Savannah	127,526 (181)
Seattle	Mayor, City Council Member, Public Health Manager and Policy Advisor	People Point; Seattle Asset Building Collaborative grew out of National League of Cities technical assistance project	Human Services Department	565,809 (23)

Source: Population: U.S. Census Bureau, 2005-2007 American Community Survey
Rank: U.S. Census Bureau, Population Division (2009)
Note: Rank by population is based on annual estimates of the resident population for incorporated places over 100,000, based on estimates as of July 1, 2009.

identified banking as an important unmet need and launched Bank on LA (modeled on San Francisco's program) as a starting point to implement citywide asset-building strategies. In Savannah, the city initiated a task force in 2004 that researched and analyzed poverty and identified the key barriers to self-sufficiency. Poverty was identified as an economic development issue, and the city held poverty simulations to engage the community, bringing over 2,500 participants to the table from 2005-2008. These meetings helped Step Up Savannah, a collaboration of 85 organizations and city staff, to form as an anti-poverty collaborative.

In addition to the locally initiated strategies, many efforts also had early support and assistance from national foundations and intermediaries. The Annie E. Casey Foundation provided major support and capacity building for San Antonio and Providence through its Making Connections Initiative. The Ford Foundation supported early work in Savannah through the Supporting Work Project, administered through the Families and Work Institute. The U.S. Conference of Mayors National Taskforce on Poverty introduced the mayor of Los Angeles to the issues. The National League of Cities has played an important role in getting cities to address the issues of savings and financial security in three ways: through its asset-building technical assistance project that began in 2005, through its Poverty Working Group, and through forming a learning and technical assistance group for cities who wanted to develop strategies to expand banking access through Bank On initiatives.

How the city got involved in financial empowerment and who champions the work can often determine where the work is housed within city government and, with it, the unique powers and capacities that that particular agency can leverage. For example, in San Antonio and Miami, the financial empowerment work is led by a City Director who coordinates a multitude of community and human service strategies. As a result, some of the strongest initial areas of work tended to focus on integrating financial education, tax help and asset building strategies into existing programs. In San Francisco, the champion is the City Treasurer, and the financial empowerment work grew out of his office's efforts to administer the Working Families Credit (a local version of the EITC) and develop a campaign to expand access to financial institutions. In New York, where Mayor Bloomberg is a strong champion for financial empowerment, the specialized Office of Financial Empowerment is housed in the Department of Consumer Affairs, and central strategies in its financial empowerment work relate to consumer protection and regulation in the financial marketplace.

12 Key Roles for Local Government

Champion. City officials can leverage the public spotlight and "bully pulpit" in order to promote and add legitimacy to municipal financial empowerment efforts. Mayors and council members attract media attention and can facilitate the dissemination of program information to the public through press conferences and local media.

Convene. Cities have a unique ability to bring together and coordinate the work of diverse actors and organizations in the community toward a common cause. By taking advantage of existing working relationships, or by engaging businesses or nonprofits that have a vested interest in residents' financial security, city officials and staff can facilitate cooperation.

Persuade. City officials can use their influence as policymakers, customers and employers, along with other incentives such as positive publicity and/or access to new customers to persuade local actors to engage in certain activities.

Communicate. Cities can spearhead public awareness and social marketing campaigns that inform residents about opportunities and rights related to financial products and services, information and consumer protection.

Connect. Cities can connect residents directly to resources through marketing and referral services and can leverage general information services like 311 and citywide directories.

Legitimate. City involvement in financial empowerment efforts has a powerful legitimizing effect for residents. City oversight and/or involvement increases the credibility of programs targeted to lower-income citizens and therefore increases uptake of programs and services. For many people, a clear message that the city's "stamp of approval" has been given to a financial product or a service provider reduces personal risk and fosters trust and willingness to utilize new products or services.

Integrate. Cities can integrate financial empowerment work across agencies by embedding financial education, services and products into existing programming.

Sustain. State and federal grants directed to local governments, as well as available municipal general fund revenues, provide opportunities for municipalities to fund financial empowerment programs. Several federal grants are distributed through the U.S. Department of Housing and Urban Development – namely through the Community Development Block Grants, the HOME Investment Partnership Program and the American Dream Downpayment Initiative. These grants provide a natural vehicle for municipal governments to promote asset-building work.

Pilot. Cities are prime testing-grounds for innovation in public programs and policies. By engaging in asset-building work, municipalities create an environment of experimentation which leads to greater innovation in the field.

Evaluate. City representatives are both accountable to their citizens and know that data is necessary for expansion of programs beyond initial pilot phases. Although relatively few cities are now actively engaged in rigorous evaluation of pilot programs, there is considerable interest and desire to evaluate their innovative work. Likewise there is uniform acknowledgement that amassing evidence about the kinds of strategies that are effective is critical to move any initiative to scale.

Regulate. While cities' legislative powers are more limited than those of states, municipalities can enact local legislation, called ordinances, for such local issues as zoning, taxation, budget decisions, capital improvements and department organization. In addition, cities can exercise their existing powers of enforcement to curb abusive lending practices and improve local consumer protections.

Advocate. Municipal-level lobbying of state and federal lawmakers is another avenue for improving economic opportunities for city residents. Given the abundance of state- and federal-level policies impacting local asset building and economic security, city official lobbying of legislators can have low-cost and high-impact potential. Cities doing innovative financial empowerment work have an important role to play in advocating for new and effective policies at the state and federal level.

The Fragile State of Household Financial Security in Cities

THE ECONOMIC RECESSION THAT GRIPPED THE NATION has been both cause and effect for escalating unemployment and foreclosures. The resulting loss of financial security for many formerly middle class families and the further deterioration of the economic stability of lower-income families have been acute. According to the Federal Reserve, between 2007 and 2009, U.S. households lost $14 trillion in wealth, a sum representing nearly a quarter of all personal wealth and the largest loss of wealth in generations (Fed Board of Governors 2009). However, even before the start of the current financial and economic crisis, household financial insecurity was widespread in America. Personal savings rates were at historic lows, and income poverty and unemployment numbers in urban centers were alarmingly high. Americans in general were overextending themselves, in many cases with financial products that stripped, rather than helped build, wealth and financial security. Combined with a lack of access to affordable financial products and services and the general "high cost of being poor" (Fellowes 2006), American families are really struggling.

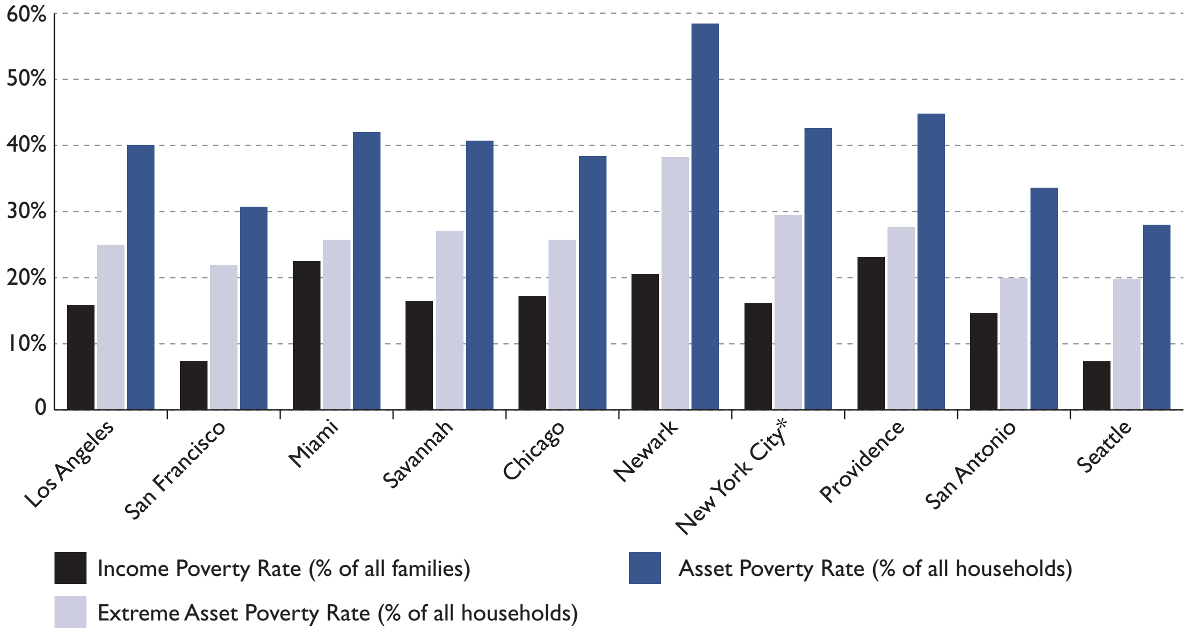
At the outset of this project, CFED worked with the 10 cities in the CFE Coalition to map a range of indicators of household financial fragility. Several of the key indicators – income and assets, banking status, credit and debt patterns, housing affordability and educational disparities – are discussed below. Other data is available for review in Appendix 2.

Income and Assets

INCOME AND ASSETS ARE EACH CRUCIAL COMPONENTS for a household's establishment of economic well-being and security. While interrelated, it is important to distinguish between the two as they represent two different sources of financial security. Income is a flow of funds generated through wage earnings, investment returns, business profits and public benefits that can be used to cover household monthly expenses. Income can also be set aside as savings to help fund future expenses or asset acquisition. Assets such as a retirement fund, an education credential, a home, a business or even a car are essential for helping households guard against financial setbacks and get ahead over time. Without income, one does not have the cash flow necessary to sustain a family or build a personal safety net. But without assets, a household that is just making ends meet with their current income is more susceptible to being driven into poverty during difficult times (De Janvry 2008). Assets provide the route to both financial security and opportunity.

Income poverty is a persistent problem in urban centers, and households of color and single-parent households tend to experience the highest rates of income poverty. Asset poverty is another way of looking at financial security levels across households and is defined as not having enough net assets (net worth) to survive at the federal poverty level for three months with an interruption in income. Looking across the 10 CFE cities (see Chart 1) shows that in each case, rates of asset poverty and extreme asset poverty are significantly higher than rates of income poverty. On average, 16% of families in these cities live in income poverty, while 40% of households live in asset poverty and 26% in extreme asset poverty (zero or negative net worth). These measures of the scarcity of household wealth help illustrate that a large percentage of city residents are not able to save or invest in their futures, even in those cities with relatively low income poverty rates.

Chart 1: Income vs. Asset Poverty in CFE Cities



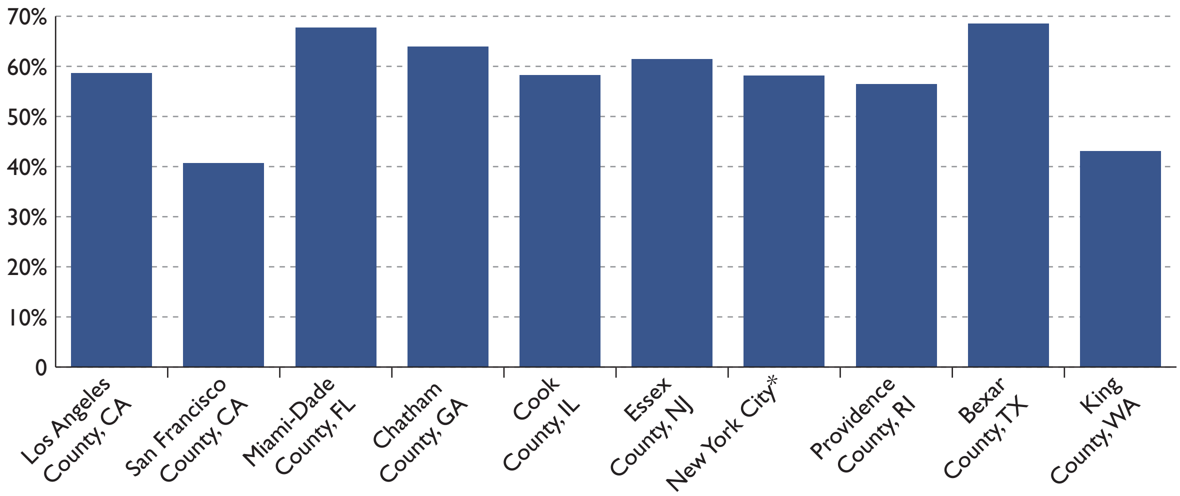
Source: Income Poverty Rate: U.S Census Bureau, 2005-2007 American Community Survey. Asset Poverty and Extreme Asset Poverty are estimates calculated by Beacon Economics, based on U.S. Census Bureau's 2004 Survey of Income and Program Participation, Wave 6 (2006) and 2005-2007 American Community Survey.

Credit and Debt

INSUFFICIENT INCOME AND ASSETS CAN LEAD FAMILIES to rely on credit and debt to make ends meet. While the expansion of credit that occurred in the years leading up to our current economic crisis did provide benefits to consumers and economies – increased access to assets like homeownership, more consumer choice about market products, development in previously ignored neighborhoods (Fellowes 2006) – it has also led to historically high levels of consumer debt. On average, residents in the counties in which the CFE cities are located have slightly more than $12,500 in revolving or credit card debt and almost $25,000 in installment debt (compared to national rates of $11,863 and $23,717 respectively). In those same counties, between 3% and 9% (compared to 4% nationally) of borrowers are in serious financial distress, i.e., 90 days or more delinquent on a credit payment.

High levels of debt and difficulties paying it back have serious consequences for a borrower's credit score, which can have a dire impact on a family's ability to get ahead. Credit reports and scores not only determine access to credit but can also be barriers to basic goods and services. Credit reports are used by employers and landlords to evaluate applicants; utility companies can also use credit scores to price deposits for their services (Fellowes 2006). Unfortunately, the reality for many families is that their low credit scores reduce access to affordable credit. An average of almost 60% of residents in CFE counties have subprime credit scores,[1] and the range varies from 41% of residents in San Francisco to 69% of residents in San Antonio (Bexar County), Texas (see Chart 2).

Chart 2: Percentage of Consumers with Subprime Credit Scores in CFE Cities



Source: TransUnion (Q1 2009). Subprime Credit Score is defined as a TransRisk score ≤ 700 on a scale of 150-934.

* New York City's data is a weighted average of the 5 counties that compose the City.

Banked Status

ECONOMIC INCLUSION BEGINS WITH A BANKING RELATIONSHIP. Savings accounts are one of the most basic asset-accumulation tools, and transaction (i.e., checking) accounts can act as a gateway into the financial mainstream. A 2009 survey conducted by the Federal Deposit Insurance Corporation (FDIC) (see Table 2) found that 7.7% of all American households and 11.3% of households in cities are unbanked, meaning that no one in the household has a checking or savings account. In addition, 18% of households are considered underbanked, meaning that although they have a bank account, they still rely on alternative financial services for certain kinds of transactions. The lack of a basic bank account is particularly prevalent among minority and low-income households. Nationally, 22% and 19% of Black and Hispanic households, respectively, are unbanked compared to only 3.3% of white households. In addition, over 1 in 4 households earning less than $15,000 annually do not have a bank account (FDIC 2009).

Table 2. Unbanked and Underbanked Households in CFE Metropolitan Areas

	Unbanked Households		Underbanked Households		Total Un- and Underbanked	
	Number	Percent	Number	Percent	Number	Percent
Chicago MSA	248,000	7.4%	463,000	13.8%	711,000	21.2%
Los Angeles MSA	406,000	9.2%	637,000	14.4%	1,043,000	23.6%
Miami MSA	186,000	8.4%	286,000	13.0%	472,000	21.4%
New York-Northern NJ MSA	691,000	9.6%	1,069,000	14.8%	1,760,000	24.4%
Providence MSA	30,000	5.6%	71,000	13.5%	101,000	19.1%
San Antonio MSA	82,000	10.6%	199,000	25.9%	281,000	36.5%
San Francisco MSA	74,000	4.7%	161,000	10.2%	235,000	14.9%
Seattle MSA	49,000	3.5%	244,000	17.2%	293,000	20.7%
USA	9,850,000	7.7%	21,276,000	17.9%	31,126,000	25.6%

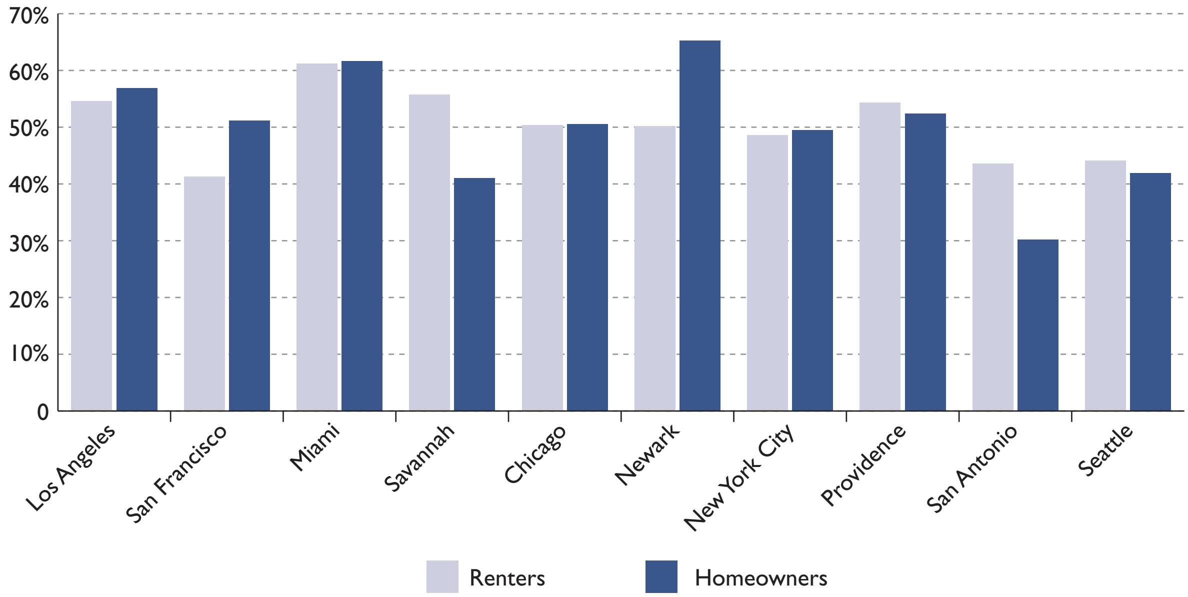
Source: FDIC, 2009 National Survey of Unbanked and Underbanked Households.
Data was unavailable for Savannah's MSA.

There are many reasons for a household to be unbanked, but the primary reason cited by households was that they did not feel that they had enough money to need an account (FDIC 2009). However, the perception of a bank account not being of value to them may be exacerbated by the practices and products offered by financial institutions. Traditional banking products are often not customized to the needs of lower-income households (Tufano and Schneider 2005). Research finds that financial institution practices of establishing minimum balance fees, directing the majority of marketing dollars to more affluent customers, and using ChexSystems to screen out potential customers with prior bank account problems are ways that banks discourage enrollment of lower-income customers (Tufano and Schneider 2005). Minimum balance requirements and higher fees can drive certain households to non-traditional service providers, such as check cashing establishments or payday lenders. Yet these non-traditional services are extremely costly; check cashers charge an estimated $40 per payroll check to cash a check from an unbanked household with full-time workers (Fellowes and Mabanta 2008). Over a career, an average full-time worker who does not have an account will spend more than $40,000 on financial services (Fellowes and Mabanta 2008).

Housing and Homeownership

HOUSING COSTS ARE OFTEN THE LARGEST MONTHLY EXPENSE FOR FAMILIES. Affordable and predictable housing costs (i.e., mortgage or rent and utility costs) enable a family to plan for the expenses of other goods such as food, clothing and healthcare while also being able to save money for emergencies and for the future. Unfortunately, affordable housing is scarce in many cities, and an average of 50% of both renters and homeowners in the CFE cities are housing cost-burdened, meaning that they spend more than 30% of household income on housing, as shown in Chart 3.

Chart 3: Percentage of Cost-Burdened Renters and Homeowners in CFE Cities



Source: U.S Census Bureau, 2005-2007 American Community Survey. Cost burdened is defined as spending 30% or more of household income on housing costs.

Despite the recent foreclosure crisis and erosions in home equity, homeownership continues to be the primary means by which families build and transfer wealth. Home equity is by far the largest component of net worth, especially for low- and moderate-income households and minority populations (CFED 2008). However, households in urban centers tend to become homeowners at much lower rates than the rest of the nation as a whole, in part due to the housing stock and the high cost of housing in dense, urban areas. Across the ten cities, the homeownership rate ranged from a low of 25% in Newark to a high of 61% in San Antonio, compared to 67% nationally. Even for those households that are able to achieve homeownership, it may be unsustainable. In 2007, an average of 18% of mortgages in the CFE counties were high-cost or subprime mortgages (on par with the national rate of 17.5%), which bring with them a significantly higher risk of delinquency and foreclosure. In fact, in March 2009, the foreclosure rate in the cities was an average of 5%, 66% higher than the national rate of 3% at that time.

Strategies

BEFORE DESCRIBING THE RANGE of municipal asset-building and financial empowerment strategies that are focus of this report, it is helpful to consider – from a household's perspective – what it really takes to build financial security over time. CFED has created the Household Financial Security Framework to describe this cycle of asset building and financial empowerment, which, in the abstract, is relatively straightforward. Individuals must first learn the knowledge and skills that enable them to earn an income. They then use that income to take care of basic living expenses and debt payments, and then – if income has exceeded expenses – they can save some for future purposes. When they have accumulated enough liquid savings, they can leverage those savings and invest in assets that will appreciate over time and generate increasing levels of income, equity and net worth. Throughout the cycle, access to insurance and consumer protections help households protect the gains they make.

> *"The strategies that are documented in the remainder of this chapter are designed to be responsive to both individual agency and the conditions of the financial marketplace as they work to increase the financial stability of low-income households by boosting income, decreasing debt, and increasing access to saving and asset-building opportunities."*

In reality, there is nothing particularly straightforward about getting a household balance sheet to balance, much less tip toward asset accumulation. As the data in the last chapter make clear, financial security is the exception rather than the rule for the majority of Americans. Part of the explanation lies with the individual; they may lack the knowledge and skills that would enable them to get a good job and advance, or may not understand the long-term implications of using costly credit or failing to save for retirement. But another part of the explanation has very little to do with individual knowledge and skills and instead has to do with the systems, structures and protections that exist – or don't – in the marketplace. It is often the institutional arrangements – provided through government policies, employers, financial products and institutions, and education – that determine who accumulates assets and who does not (Sherraden 1991).

Household Financial Security Framework

LEARN

Knowledge and skills that enable navigation of and success in markets (labor, financial) have a direct bearing on financial security

- **K-12 & Postsecondary Education:** Basic literacy and math skills, plus commitment to lifelong learning are critical for employment and advancement
- **Financial Education & Counseling:** Timely, relevant, accurate information on basic budgeting, taxes, financial products and services, and use of credit
- **Asset-specific Education:** Preparation for homeownership, business ownership, postsecondary education, and financial investments

Assets can increase income and earning capacity

EARN (Maximize Income)

Wage Income
+ Business Income
+ Public & Employee Benefits
+ Tax Credits
+ Investment Income

= Income

Ability to Maximize Income Depends On:

- Access to *reliable* **basic goods and services** (housing, transportation, medical care, child care, food)
- Available quality **job** and **business opportunities**
- Access to **public benefits** and **tax credits** (e.g., EITC, Child Care)
- **Asset ownership** (higher education, home, business, financial investments)
- **Knowledge** and **skills** related to work, taxes and benefits

SAVE

Income
- Current Consumption
- Debt Payments

= Savings

Ability to Save Depends On:

- Access to *affordable* **basic goods and services** (housing, transportation, medical care, child care, food)
- **Debt reduction**
- Convenient, low-cost **financial products** (transaction and savings vehicles, credit and insurance products)
- Convenient, affordable **financial structures** (e.g., direct deposit, automatic enrollment, online banking, bank location)
- **Knowledge** and **skills** related to money management, financial products, and credit building and repair

INVEST (Build Assets)

Savings
+ Borrowing
+ Public Incentives

= Assets

Ability to Build Assets Depends On:

- **Price** and **appreciation of assets** (higher education, home, business, financial investments)
- **Affordable financing**
- Access to **public incentives** (e.g., downpayment assistance, gov't loan guarantees, tax incentives, Pell Grants, IDA/CSA match)
- **Knowledge** and **skills** related to asset purchase and management

PROTECT

Gains must be protected against loss of income or assets, extraordinary costs, and harmful or predatory external forces

- **Insurance (public or private):** Protects against loss of income or assets as well as against extraordinary costs (e.g., unemployment, disability, life, health/medical, property)
- **Consumer Protections:** Protect consumers from discriminatory, deceptive and/or predatory practices (e.g., redlining, predatory mortgage lending, payday lending, banking practices)
- **Asset preservation:** Depends on government policies (e.g., community investments, blight ordinances, foreclosure prevention) and market conditions

The city leaders we spoke with are keenly aware of the roles that both individual agency and the conditions of the financial marketplace play in determining the economic realities of a household. The strategies that are documented in the remainder of this chapter are designed to be responsive to both as they work to increase the financial stability of low-income households by boosting income, decreasing debt, and increasing access to saving and asset-building opportunities. We group the strategies under five main goals:

- Improve access to high quality financial information, education and counseling
- Increase access to income-boosting supports and tax credits
- Connect residents to safe, affordable financial products and services that reduce costs and facilitate savings
- Create opportunities to leverage savings into appreciable assets
- Protect consumers in the financial marketplace

Strategies to Improve Access to High Quality Financial Information, Education and Counseling

TO BUILD FINANCIAL CAPABILITY to manage money and choose sound financial and credit products, households need access to timely, useful financial information and advice. Cities are working with private sector and community partners to help households build their financial knowledge and improve their financial behavior through quality financial education and counseling.

To help improve the quantity and quality of the financial education and counseling services available to residents, cities typically engage in three activities: increasing their understanding of current providers of financial education and counseling, increasing access to these providers – either by creating referral networks or connecting education and counseling to existing programs – and working to improve the quality of programs.

INCREASING ACCESS TO FINANCIAL EDUCATION AND COUNSELING

A number of cities led the way in identifying and documenting all of the disparate financial education providers working in community-based organizations, social service programs and other programs throughout their city and then developing systems to increase access to those services. The systems to increase access include both financial education networks and referral structures. In some cases, the referral structures are specifically for financial education, in other cases they leverage existing citywide infrastructure, such as 2-1-1 and 3-1-1 lines.

- New York's Office of Financial Empowerment (OFE) manages the Financial Education Network, which includes a searchable online database connecting residents with financial education classes, workshops, hotlines and 3-1-1 referrals, and one-on-one counseling services throughout the city.

- The City of Seattle, the Seattle-King County Asset Building Collaborative (SKCABC) and Bank on Seattle-King County led the creation of a Financial Education Providers Network, which includes a searchable Financial Education Locator on the Bank on Seattle-King County website. Similar information can be accessed through Seattle's Your Money Helpline, an online resource tool, and through the 2-1-1 Community Information Line call-in number which refers target groups to resources and agencies that can answer their financial questions and be of assistance.
- San Francisco's nonprofit service providers, philanthropic funders and local public-sector representatives are working together to streamline access to financial education services and products, to increase quality of service and to encourage collaboration among providers.

Creating Physical Access Points in High-Need Communities

Some cities use actual brick-and-mortar centers located in high-need communities to consolidate and deliver financial education services more effectively.

- The City of Newark operates a number of comprehensive Financial Empowerment Centers, which use SingleStop USA's "One-Stop-Shop" model to provide comprehensive services to Newark residents, including free tax assistance, financial education and FAFSA form assistance. Residents can meet with counselors who screen them for eligibility for health care and public assistance programs aligned with their goals.

Public-Private Partnerships for Asset Building and Financial Empowerment

As cities assess how to become involved in asset-building work, they often look for ways to collaborate with partners from nonprofits, business and philanthropic sectors. Below are descriptions of the key roles that various sectors are playing and can play.

Nonprofit and community-based partners – Many cities already partner with nonprofit organizations, civic organizations and faith-based institutions on other anti-poverty efforts, or at least have a general sense of the relevant groups with whom they should be partnering. In a survey administered by the National League of Cities, city mayors and managers reported that nonprofit organizations, foundations or civic organizations and churches were the most important partners in local poverty efforts. When asked about current collaborators in local poverty-reduction efforts, city officials responded that they were currently collaborating with nonprofit organizations 84% of the time, with civic organizations 61% of the time, and with churches 55% of the time (Furdell, Perry, and Undem 2008).

Private sector partners – As cities have begun focusing on asset building for low-income residents, they have found ways to partner effectively with private employers and financial institutions. For example, these private sector partners can often more easily reach many city residents who do not typically have direct contact with government agencies. Cities have also sought assistance from financial institutions and from private companies to disseminate information, provide monetary or in-kind donations, or improve services to low-income residents.

Philanthropy – Philanthropic partners can help cities test pilot programs and experiment with new approaches, steps that are difficult to take with taxpayer dollars. Privately funded innovation and demonstration allows cities to uncover new strategies and to pinpoint which approaches work best before implementing them on a large scale. In an era of tightening public budgets, many funders have become more strategic and sought to leverage the impact of limited dollars. Philanthropic partners identify ways in which a particular grant or activity can stimulate or catalyze other resources.

- New York City's Financial Empowerment Centers offer free one-on-one financial counseling in collaboration with community-based organizations. Clients can receive assistance with money management, budgeting, credit counseling, negotiating with creditors, connecting to affordable banking services, debt management, government benefit screenings and referrals to other services and organizations.
- In Savannah, Providence and San Antonio, city officials are supporting neighborhood-based Centers for Working Families and Family Success Centers where city residents can receive financial education, coaching, counseling, and other services that help them access financial services, income supports and employment training to achieve greater economic self-sufficiency.
- With Operation Hope and private partners, the City of Miami provides ongoing counseling and financial education using the city's park system as a focal point within the community.

Incorporating Financial Education and Social Service and Workforce Programs

In addition to creating new financial empowerment centers, many cities are incorporating financial education, counseling and savings opportunities into government social services. The City of Seattle and the SKCABC, for example, are working closely with the United Way of King County to incorporate financial education, access to financial services, and products and benefit access into free tax preparation services. A similar effort is taking place in Providence through the Family Stability Partnership.

The cities of Savannah, Seattle and New York provide examples of different approaches to pairing financial empowerment with workforce development.

- Step Up Savannah is a community-based organization that pairs workforce development with asset building to move people toward self-sufficiency. Step Up Savannah and the City of Savannah integrate financial education classes, access to appropriate financial products, free tax preparation and other services with existing workforce development and GED classes offered throughout the community.
- In Seattle, SkillUp Washington/College for Working Adults is a collaborative effort involving community and technical colleges and employers that creates training opportunities for low-skill, low-wage workers to help them move into living-wage jobs. The Seattle Human Services Department (HSD), which is the home base for City's financial empowerment work, along with the SKCABC is working with the initiative to connect participants to a full range of financial empowerment services including financial education, credit counseling, access to benefits, access to financial services and asset building. HSD and SKCABC are training SkillUp staff and leadership to help their students utilize financial empowerment resources including PeoplePoint – the City's one-stop online benefits access platform. In addition to SkillUp Washington, SKCABC and HSD are

working with Homelessness Prevention and Rapid Rehousing providers, the Workforce Development Council, among others, to embed financial empowerment services into their service delivery systems.

- New York City's Workforce1 Career Centers operated by the Department of Small Business Services provide employment services as well as access to financial empowerment counselors with information on public benefits, financial education and financial products.

IMPROVING THE QUALITY OF FINANCIAL EDUCATION AND COUNSELING

Many city efforts to increase access to financial education and counseling are tied to efforts to also improve the quality of these services. Cities have taken approaches ranging from sharing of industry best practices to standardization and credentialing of services and providers.

- Seattle's Financial Education Providers Network adopted quality standards and sponsors ongoing train-the-trainer opportunities. Its "Your Money Helpline" includes an electronic manual used to train professionals and volunteers on multiple financial empowerment topics.
- San Francisco's financial education collaboration includes sharing of industry best practices through quarterly learning circles and the development of financial education standards so grantmakers (including City agencies) and consumers have a benchmark for quality.
- In New York City, OFE runs the Education Evaluation Improvement Initiative, which supports the collection of dozens of uniform metrics across providers. OFE will use the data to help determine which services have the greatest impact on segments of the low-income population.
- OFE also developed a financial counseling certification program for financial educators, counselors, trainers, coaches and others, allowing them to receive a standardized, rigorous and City-endorsed certificate in financial education and counseling. OFE submitted the curriculum to the Academic Review Panel at the City University of New York and is awaiting approval for the program to be eligible for course credit.
- New York City's Department of Consumer Affairs is also working with its CFE Coalition partners, funders and the U.S. Department of Treasury to explore expanding New York's approach to certification nationally.

Strategies to Increase Access to Income-Boosting Supports and Tax Credits

STABILIZING AND MAXIMIZING INCOME IS A CRITICAL STEP toward financial security and economic opportunity. Without sufficient income, families do not have the wherewithal to meet basic needs, let alone save for the future. For many low-wage workers, however, employment can be unstable and earnings unpredictable. In addition, the wages for jobs that are available to those without post-secondary education have stagnated over the past several decades. As a result, many are forced to incur debt just to finance basic needs.

One strategy to boost income is to increase earning potential through skill building and education. Many cities offer skill-building services through their workforce development systems and community colleges. Depending on the city, these services may or may not be included under the "financial empowerment" umbrella.

Cities also try to maximize individual income by increasing the take-up of public benefits (in-kind and cash) and tax credits. Cities have traditionally provided or administered a range of services and benefits to help people in times of need; however, recently cities have begun to devise new ways to leverage existing services and benefits to reach the largest number of residents possible.

> *"Champions of asset building and financial empowerment are utilizing technology, creating new and leveraging existing physical access points, and launching public awareness campaigns to connect residents to the full range of benefits, work supports and tax credits for which they are eligible."*

Champions of asset building and financial empowerment are utilizing technology, creating new and leveraging existing physical access points, and launching public awareness campaigns to connect residents to the full range of benefits, work supports and tax credits for which they are eligible. In addition, some cities are offering new benefits, such as a local EITC, to help low-income residents maximize their income.

IMPROVING ACCESS TO AND UPTAKE OF PUBLIC BENEFITS AND WORK SUPPORTS

One of the most promising strategies for boosting income is to use technology to efficiently connect low-income residents to public benefits. Cities are using a range of technology platforms to link residents to city- and state-administered benefits. The Benefit Bank® (TBB™), *Earn*Benefits, PeoplePoint and La RED are examples of online platforms that have been developed to help streamline eligibility determination and facilitate access to a wide range of public benefits, tax credits and financial services.

- The City of Miami is using TBB™ at each of the city's Neighborhood Enhancement Team locations and with community- and faith-based organizations across the city. The system allows a trained counselor to prepare a city resident's tax return and simultaneously complete application forms for state and federal benefits, including Medicaid, KidCare (CHIP), food stamps (SNAP), cash assistance (TANF) and energy assistance (LIHEAP), as well as voter registration.
- *Earn*Benefits was initially launched in New York City in 2003 and has expanded to Memphis, Atlanta, Baltimore and Louisville. The platform was developed by the nonprofit Seedco and is implemented through partnerships with government agencies, employers, faith- and community-based organizations, and foundations. It connects low-wage workers

to a range of public benefits, including tax credits, food stamps, health insurance, as well as to financial services.

- The City of Seattle developed PeoplePoint to help low-income residents apply for a range of federal, state and local public benefits. The City is now working with the state government to launch a joint online portal that will streamline the application process for city and state benefits and create access points at community organizations, libraries and community centers.
- Bank on San Francisco's Financial Education Network is using the online screening and referral system La RED to connect people to public benefits, appropriate financial services and community-based services. La RED was developed by the Mission Asset Fund originally to serve diverse populations in San Francisco's Mission District and is now serving multiple Bay Area counties.

In addition to using technology to increase benefits coordination and uptake, some cities are also using the community-based offices and centers mentioned in the previous section not only to deliver financial education and counseling but also to connect residents to resources and benefits. In San Antonio, there is a concentrated effort to integrate financial empowerment and asset building opportunities into various departments and to ensure they are part and parcel of existing programs, not overlaid on them. This integration helps assure sustainability for the program across administrations and in all economic environments.

MAXIMIZING UPTAKE OF TAX-RELATED BENEFITS

The federal EITC is one of the largest and most effective programs to boost incomes for low- and moderate-income families. Each year the credit lifts more than 5.1 million Americans out of poverty (Sherman 2009) and can also reduce asset poverty (Holt 2006).

Unfortunately, many who are eligible do not take advantage of the credit. National estimates of EITC-eligible taxpayers who fail to claim their EITC range from 13% to 25% (Holt 2006). In any given city, unclaimed tax credits result in the loss of significant sums of money that could be refunded to residents and either saved or spent in the local economy.

Cities have employed two main strategies to help residents claim the EITC and other tax credits: funding free tax preparation services and public awareness campaigns. In addition, a small number of cities have also created local credits that piggy-back on federal and/or state EITCs.

Free and Low-Cost Tax Preparation Services

Free tax preparation is one of the most well-established strategies cities use to help residents claim the EITC and boost their incomes. Some cities directly support free tax preparation by funding equipment and paid staff positions at VITA sites, which are primarily run by nonprofit organizations and volunteers. San Antonio and Miami, for example, have a line item in their city budgets to fund a Campaign Coordinator or Site Manager position and paid on-site Volunteer Coordinator positions at each VITA site in the city. San Antonio's city budget also includes a line item to support a year-round tax assistance office housed at the Department of Community Initiatives.

Other cities partner with, and sometimes fund, a single nonprofit to manage and coordinate tax assistance efforts. In Chicago, the Mayor's Office of Budget and Management partnered with the nonprofit Center for Economic Progress to create the Chicago Tax Assistance Center, which helps residents file income and property taxes and take advantage of all tax credits and exemptions for which they are eligible. In Seattle, the City works closely with the United Way of King County to support their network of VITA sites and provides funding to support the work of the free tax preparation campaign. Newark funds the nonprofit Newark Now to provide free income tax preparation to families earning up to $50,000.

> *Beyond that, savings "structures" such as direct deposit of wages or public benefits and automatic enrollment into savings and retirement plans can also facilitate saving. We know from behavioral economics research that intentions to save are rarely carried out absent an enabling environment that makes saving easy and automatic.*

Public Awareness Campaigns

In addition to direct engagement in tax preparation assistance, many municipalities are actively involved in local public awareness campaigns that encourage residents to file taxes and access federal and state benefits such as the EITC and child tax credit. These campaigns are a low-cost, high-benefit way of boosting incomes for low-income workers.

New York City's OFE runs a large-scale public education and outreach campaign every year to raise awareness about the availability of tax preparation assistance and to help low-income workers understand that they may be eligible for an income-enhancing tax credit even if they have no tax liability. As a result of their efforts, between 2004 and 2009, the number of people reached increased by 31%. In addition to disseminating palm cards and posters, OFE also used e-mail blasts and newsletters to promote the use of free or low-cost tax prep assistance with partners such as the New York City Housing Authority, the New York City Commission on Women's Issues, and Con Edison, reaching more than 500,000 New Yorkers in 2009 (OFE, "Progress Report" 2009).

Many other cities including Boston, Chicago, Durham, Indianapolis, Lewiston ME, Los Angeles, Miami, Newark, Phoenix, Savannah, San Francisco, Tampa and Yonkers use similar public awareness campaigns to increase uptake of tax benefits.

Local EITC

In addition to encouraging the uptake of state and/federal tax credits, a small but growing number of cities have also begun funding local tax credits. Ranging from 1-5% of the federal credit, municipalities including, San Francisco, New York City, Washington, DC and Montgomery County, MD, now offer credits that build off the federal and/or state EITC.[2]

These local credits not only boost residents' incomes, they also provide another advantage to the municipalities administering them. Because officials are able to maintain current addresses, they can more easily target additional benefits and services that can help those households become more connected to mainstream financial products and services.

Strategies to Connect Residents to Safe, Affordable Financial Products and Services

A HOUSEHOLD'S ABILITY TO SAVE DEPENDS ON SEVERAL FACTORS: minimizing costs for basic goods and services, access to convenient, low-cost financial products and structures (transaction, saving, credit and insurance products as well as direct deposit, automatic enrollment, etc.), and financial capability related to money management, financial products and credit.

The reality for many low-income households is that their incomes are insufficient to reliably cover basic costs – let alone unexpected emergencies – and so they must rely on credit to bridge the gaps. Use of high-cost credit products creates a cycle of debt that increases monthly expenses and further limits the ability to save. There is no quick fix to break the debt cycle or put household balance sheets back in the black. However, there is increasing awareness among government and community leaders about the gravity of the problem, as well as commitment to improving the affordability, accessibility and quality of financial products and services.

Checking and savings accounts are the basic building blocks for participating in the financial mainstream. But in addition to access to convenient and affordable forms of these products, people also need access to lower-cost forms of short-term credit. Beyond that, savings "structures" such as direct deposit of wages or public benefits and automatic enrollment into savings and retirement plans can also facilitate savings. We know from behavioral economics research that intentions to save are rarely carried out absent an enabling environment that makes saving easy and automatic.

LOW-COST TRANSACTION AND SAVINGS PRODUCTS

The reasons individuals cannot or do not access traditional banking products are varied. Some individuals seek to avoid the fees banks charge for overdrafts or failing to maintain a minimum balance. Individuals with prior bank account problems whose names have been entered into ChexSystems are denied when they apply for a new account (Tufano and Schneider 2005). Undocumented individuals may be unable to open an account if the financial institution does not accept foreign identification (such as the Mexican Matricula Consular Card) or an Individual Taxpayer Identification Number (ITIN) in lieu of Social Security Numbers. Still others are unfamiliar or uncomfortable with mainstream financial institutions.

Regardless of the reason why people are "unbanked" or "underbanked," not having access to a mainstream transaction account comes at a high price. Fringe financial service providers, such as check cashers or payday lenders, charge high fees for their services; check cashers charge an estimated $40 to cash each payroll check from an unbanked household with full-time workers (Fellowes and Mabanta 2008).

City leaders have increasingly begun working with financial institutions to develop, market and promote utilization of low-cost transaction/checking accounts among low-income and unbanked populations. The most common approach is in the context of a Bank On initiative – referring to the innovative program first developed in San Francisco in 2006 (see box for a description of the complete Bank On model). The Bank On approach to expanding availability of low-cost accounts has garnered significant attention and is being replicated in cities across the country. In this approach, a city develops a set of baseline access and product features for a basic transaction account then invites local financial institutions to create or modify their product(s) to meet those requirements. Product requirements typically include:

- Free/low-cost check cashing and direct deposit
- Low minimum monthly balance thresholds and low monthly maintenance fees
- Acceptance of a foreign identification such as the Mexican Matricula Consular Card as valid identification to open an account
- Waiver of at least one overdraft

A different approach was taken in New York City, where the OFE led negotiations with five banks and five credit unions to develop the NYC SafeStart Account. The NYC SafeStart Account has a number of features designed to help accountholders avoid costly fees and access financial accounts, similar to the Bank On approach. However, the NYC SafeStart Account is not offered as a set of guidelines that banks can use to develop their own product; instead, it is a branded product with a fixed set of features that participating financial institutions agree to offer. Features include a prohibition against overdraft fees and monthly fees. The account also provides an ATM card rather than a debit card, reducing the ability to overdraw the account and the likelihood of incurring related fees.

Recently, the FDIC proposed guidelines for safe, low-cost transactional and basic savings accounts for low- and moderate-income consumers; CFE cities have provided a good deal of input into the design specifications of those accounts based on their experience. The FDIC plans to run a pilot with financial institutions to evaluate the roll out of such a product.

AFFORDABLE CREDIT PRODUCTS

As discussed above, many low-income families with insufficient income need short-term credit to help cover costs on a month-to-month basis, as well as to cover any unexpected or emergency expenses. When credit is expensive, it ultimately reduces the amount of income that is available for basic needs or savings. Cities are working with financial institutions and employers to reduce the cost of borrowing through the creation of more affordable short-term credit products.

Affordable Small-Dollar Loans

Similar to the role that Bank On initiatives have played in setting requirements for low-cost transaction products, Bank on Seattle-King County and Bank on San Francisco have developed a set of product features for affordable loan products that are responsible alternatives to payday loans. The City of Seattle, SKCABC and Bank on Seattle-King County are in the process of negotiating with financial institutions to offer loans with those features. The San Francisco initiative began offering Payday Plus SF loans through five credit unions in 2009; these loans carry an 18% or lower APR and are repayable over 6 to 12 months.

Affordable Refund Anticipation Loans

Several cities have developed strategies for making refund anticipation loans (RALs) more affordable. Miami's asset-building initiative, ACCESS Miami, reduced the high fees charged for tax preparation and RALs by negotiating with H&R Block on fees and aggressive marketing of RALs. San Antonio and Savannah both developed lower-cost, alternative RALs (ARALs) with local credit unions. Interest and fees for these ARALs total $25-$45 per loan compared to the $250-$500 that paid preparers charge.

Integrated Approaches: Bank on San Francisco

Bank on San Francisco is the first integrated program in the United States to serve the "unbanked," those who live without access to mainstream financial institutions and are forced to rely on expensive check-cashing services. In December 2005, Mayor Gavin Newsom and Treasurer José Cisneros challenged every local financial institution to partner with the City and help remove barriers that have historically kept the unbanked out of the financial mainstream. A steering committee (comprising the Treasurer's Office, the New America Foundation, the Federal Reserve Bank of San Francisco and the nonprofit EARN) worked with local community organizations, banks and credit unions to develop a program that would:

- Change bank products and policies to increase the supply of starter account options for this market
- Raise awareness among consumers about the benefits of account ownership
- Provide qualified San Franciscans with the opportunity to open low-cost, starter bank accounts
- Provide quality financial education to San Franciscans, to help them start saving for the future

Since launching, the program has opened almost 50,000 accounts at participating financial institutions. The Bank On program is now being replicated in approximately 70 cities and states across the country and has been adopted as a model program by the National League of Cities, the U.S. Conference of Mayors and the U.S. Department of the Treasury.

The next phase in Bank on San Francisco is to expand the number of residents with access to direct deposit, an important part of the infrastructure that needs to be in place to help residents save time and money. Direct deposit helps people avoid check cashing fees and trips to a bank; it is fast and safe and eliminates the risk of stolen checks; and it saves money by avoiding the cost of printing and mailing checks.

Source: Office of the Treasurer, City of San Francisco

Innovative Idea:
Banking Development Districts

In some cities across the country, the physical location of mainstream financial institutions is highly correlated with neighborhood income level; fewer banks had branch locations in low-income communities. One approach to increasing access to appropriate financial products is to create banking development districts (BDDs) in underserved neighborhoods. BDDs provide financial institutions with publicly provided incentives to locate in areas with a demonstrated need for banking services. These incentives include: access to below-market public funds, government deposits, property tax breaks, favorable Community Reinvestment Act consideration and assistance with workforce development (Farr 2008). Once a state institutes a BDD program, financial institutions and local jurisdictions jointly apply to designate local underserved areas as BDDs, qualifying the banks for these benefits.

New York State has had a BDD program since 1997, and the program has had considerable success in encouraging banks to open brick-and-mortar branches in underserved communities with 25 BDD branches opened in New York City since the program began. In 2009, the New York State Banking Department (NYSBD) held a series of hearings to examine the strengths and weaknesses of the program. The New York City Department of Consumer Affairs presented testimony, recommending the program focus on the products and services actually provided, that branches be better targeted to communities in need and that credit unions be made eligible for inclusion. In May 2010, the NYSBD released a report summarizing its findings, concluding that, among other things, "the BDD program could be dramatically improved by mandating that BDD branches provide financial education, encouraging the development of more affordable products and services and encouraging more collaboration between the BDD branches and local community groups."

Building on the experience in New York State, Los Angeles is exploring the use of BDDs to expand access to mainstream financial products and services in low-income communities.

Auto Refinance Loans

High-interest rate auto loans are another form of expensive credit that strips income from households. The City of San Antonio helps low-income consumers refinance their high-cost car loans through their free tax preparation structure. In addition to making refinancing easier by allowing taxpayers to initiate the refinance process at the tax prep site, this pilot program provides an additional incentive of a $100 reward from a credit union (an enticement provided by the credit unions to build business). The program also provides incentives for the tax preparation sites to encourage refinances; each week the site with the highest number of refinances earns a gift card.

To qualify for the program, participants must have a car loan with an APR above 9%; however, the average original APR is 18-25%. In 2008, 110 program participants refinanced their car loans, resulting in an average monthly savings of $125, providing significant assistance to low- and moderate-income families. The program also acts as a broader awareness campaign – even those who are not directly helped with a refinanced loan leave the tax prep site with heightened awareness about the problems associated with high-cost car loans.

ACCESSIBLE FINANCIAL STRUCTURES

Financial structures refers to the "plumbing" or the infrastructure that can help individuals safely and easily conduct financial transactions, save and transfer funds, and keep tabs on their financial situation. Some financial structures that many middle- and upper-income individuals take for granted – such as direct deposit, online banking and even conveniently located bricks-and-mortar financial institutions – are often inaccessible to lower-income individuals. Some cities are beginning to look for new ways to ensure that all residents have access to financial structures like these that can increase financial security.

Direct Deposit

Direct deposit services can increase financial security for individuals in several important ways. New research from the Pew Health Group also shows that employees who receive their pay through direct deposit are nearly twice as likely to save some portion of their income as individuals who are paid in cash (36% vs. 16%) (Pew 2010). Direct deposit can decrease the need to use often expensive check cashers and is also thought to increase personal safety by reducing rates of crime and loss.

Recognizing the wide range of positive impacts that direct deposit can have, city leaders are beginning look for ways to encourage and facilitate expanded use of direct deposit in their communities. Building on the success of its original Bank On campaign, the San Francisco Treasurer's Office is currently in the process of developing SafePay SF – an ambitious effort to migrate all city employees into electronic payment options, either direct deposit into a bank account or via a reloadable pay card that has all of the functionality of a paper paycheck but with enhanced protections. Once that initial phase is underway, the City also plans to encourage all private sector employers in the city to convert to electronic payment methods. San Francisco has the goal of becoming the first city in the country to have an entirely paperless payday.

Strategies to Create Opportunities to Build Savings and Assets

EMERGENCY SAVINGS ARE ESSENTIAL FOR FAMILIES to weather crises in the short term. In the longer term, however, families really begin to get ahead when they have mastered savings behavior and are able to leverage their savings (together with affordable financing and public subsidies) into appreciable assets such as an education credential, home or business.

Local governments have begun to expand their efforts to help families – particularly those of modest means – to build a range of liquid savings and tangible assets. While cities have continued their traditional efforts to spur homeownership and small business development, they have begun to do so in innovative ways. In addition, they have also begun to support the attainment of post-secondary education credentials and have recognized that cars are critical assets that facilitate one's ability to maximize income.

SHORT-TERM AND EMERGENCY SAVINGS – ON-RAMPS TO ASSET BUILDING

Some low-income families understandably feel that the "big ticket" assets – a home, a business, a college education – are unattainable, and the idea of saving for such items is unrealistic. It is not the case that these individuals cannot save or do not want to save; it is that many of them have a hard time even seeing how they will pay off outstanding debt, let alone begin to accumulate emergency savings or tangible assets. Cities are initiating a number of programs that are structured to create onramps for low- and moderate-income households to begin saving and to help families establish savings behaviors that can build gradually over time.

> *Families really begin to get ahead when they have mastered savings behavior and are able to leverage their savings (together with affordable financing and public subsidies) into appreciable assets such as an education credential, home or business.*

The EasySave Account in New York City is being offered to city employees to help them become regular savers and build short-term emergency savings.[3] It is designed to apply lessons from behavioral economics research: that it is easier to make the decision to save one time when opting for direct deposit rather than when one receives each paycheck. The program is initially being piloted with seven city agencies employing thousands of city employees to test feasibility. Then, pending evaluation, it will be rolled out to additional agencies.

The $aveNYC Account, developed by New York City and negotiated with participating financial institutions, is another savings product being piloted by the OFE. $aveNYC is tied to the structure of the tax filing process. As part of the free tax preparation process, participants are offered the opportunity to open a $aveNYC Account, which is a certificate of deposit (CD). If participants direct deposit a portion of their tax refund into the CD and maintain the initial deposit for one year, they receive a 50% match up to $500. The product design and process incorporate lessons from behavioral economics research, including keeping the account opening process simple, limiting the number of choices and including disincentives to withdraw funds. New Yorkers quickly exhausted the private match funds available during each tax season, attracting more than 2,200 savers in the first three years. At the end the 2008 tax year, participants in the small initial pilot had saved over $58,000 – roughly $400 per participant. The same participants had a yearly annual income of $15,500. In all, participants in some of New York's poorest communities accumulated more than half a million dollars in savings in 2008 and 2009 (OFE, "$aveNYC" 2009). Based on its initial success in New York, the $aveNYC pilot has been selected for replication by the federal Corporation for National and Community Service Social Innovation Fund. In July 2010, New York was awarded a grant through the Social Innovation Fund to create a $aveUSA pilot, replicating the initiative in at least three other cities.

A similar approach to using tax time to help facilitate savings is being employed in some of the cities that sponsor free tax preparation sites. They are encouraging tax filers to take advantage of the new feature on the federal income tax form that allows individuals to use a portion of their refund to purchase a U.S. savings bond.

SAVINGS FOR POSTSECONDARY EDUCATION

Education is an asset that benefits not only the educated individual, but also his or her family and community. Skills and knowledge are central determinants of the ability to maximize income and are important drivers of the economy. Education also promotes civic responsibility, advances economic competitiveness and expands economic opportunity. Post-secondary education is one of the best investments an individual can make in his or her economic future. Yet escalating costs discourage many from pursing higher education. One way to make the cost of post-secondary education more affordable and increase participation by lower-income individuals is to create incentives for families to save for college.

Some cities are exploring ways to help families save for their children's college expenses through matched education savings accounts. These accounts are established for children as early as birth and allowed to grow throughout childhood. Accounts are seeded with an initial deposit and built by contributions from family, friends and the children themselves. Accounts are augmented by savings matches and/or other incentives and gain meaning as young accountholders and their families engage in age-appropriate financial education. Research shows that children in families that have even a modest level of assets, regardless of income, tend to do better academically and stay in school longer.

In 2009, the City of San Antonio – in partnership with the local United Way, the San Antonio Children's Museum and Citibank – launched Cribs to College. The pilot project allowed parents of several hundred children under age one to open college savings accounts that were seeded with an initial deposit of $500. Families can continue to make deposits into these escrow accounts over time. Although these additional deposits are not currently matched, the city is exploring options for how to create a match component to help incentivize and grow these accounts in the future.

> *"Education is an asset that benefits not only the educated individual, but also his or her family and community. Skills and knowledge are central determinants of the ability to maximize income and are important drivers of the economy."*

In 2010, the City of San Francisco launched the first universal matched college saving program in a public school system in the country. The Kindergarten to College Initiative will provide all kindergarteners who enroll with a $50 initial deposit into newly-opened account; those students who qualify for free or reduced-price lunch will receive an additional $50 initial deposit. In addition, private-sector funding will match the first $100 each family saves in the account. The program will enroll roughly 25% of the city's kindergarteners in its first year, with full participation planned by the third year of the program. To make the effort possible, four city agencies – the Mayor's Office, the Treasurer's Office, the Department of Children, Youth & Their Families, and the San Francisco Unified School District – joined forces with CFED, which created the design and implementation plan with input from EARN, the New America Foundation and other stakeholders.

SMALL BUSINESS

Business equity is second only to homeownership as a source of wealth for Americans. Very small businesses, or microenterprises, are a proving ground for new entrepreneurs and a key income-generation and economic-revitalization strategy. Microenterprises increase income for the poor, help people move out of poverty and off of public assistance, and help low-income households build both business and personal assets. Of the estimated 20 million Americans who operate microenterprises, at least half are women, minorities, low-income individuals and people with disabilities.

For cities, small businesses are an economic engine; the current economic recession only elevates the need to help them grow and prosper. Business development assistance is not a new strategy for municipal government; however, some cities are now beginning to explicitly connect business development assistance to financial empowerment and poverty alleviation efforts.

City-led business development efforts generally address two important business needs: capital and expertise in how to run a business. In addition, cities are also working to remove barriers, for example, by streamlining the business licensing process for new entrepreneurs, or by making it easier for businesses to file taxes for the first time. Often cities efforts take a comprehensive approach to addressing business needs through funding of small business incubators and nonprofits that provide technical assistance, training and grants, or forgivable loans for small business start up or expansion. In doing so, they are increasing the number of access points for low-income populations to receive the products and services they need to succeed.

Access to Small Business Capital and Training

A number of cities have formed strategic partnerships with not-for-profit microenterprise finance organizations to provide micro-loans to low- and moderate-income entrepreneurs who can have difficulty securing financing through traditional financial institutions. Miami, Chicago and Savannah all work with ACCION to provide loans from as small as $500 (in Miami) to as large at $150,000 (in Chicago).

To expand available funds for small business lending, the City of Chicago Treasurer's Office deposits funds into approved Municipal Depository banks, and the banks are required to use 50% of the funds to issue loans and lines of credit of up to $250,000 for qualifying businesses. The City does not underwrite or collateralize these loans.

Cities also run small business assistance centers where entrepreneurs and small business owners can access training and technical assistance. In Miami, the business assistance center is funded in partnership with the U.S. Department of Commerce and has a clear focus on local entrepreneurs, providing hands-on assistance with topics like marketing, accounting, procurement, and financial and human resource management. Savannah's Entrepreneurial Center provides training, mentoring, technical assistance and business incubation services.

The City of Miami also runs a matched saving program to help small business owners save for and invest in computers and technology to support and grow their businesses.

The Treasurer's Office in Chicago holds an annual Small Business Expo that attracts over 2,000 attendees and 100 vendors. The Expo includes workshops on small business issues and a "One Hour Mentor" program where entrepreneurs can receive one-on-one targeted assistance.

HOMEOWNERSHIP

There are many opportunities for municipalities to support housing as a means of promoting economic security. Historically, homeownership has been a key strategy that cities support and sustain. Cities can provide downpayment assistance or educational classes for first-time homebuyers, fund community land trusts or other shared equity programs, or provide reduced property assessments for developers that rehabilitate buildings and keep rents affordable for low- and middle-income households. In addition to all of the traditional ways that cities have been involved, several cities where home prices are affordable and homeownership is a viable option are looking at new ways to ways to help people become homeowners.

Innovative Strategy:
Self Employment Tax Assistance

For the country's 20 plus million unincorporated self-employed businesses, the tax code serves as a vehicle not only for revenue collection, but also for the critical act of enrolling and paying into the Social Security and Medicare system as well as other tax-code delivered asset-building opportunities. Every self-employed business must file a Schedule C income tax form, and because this form is complicated, many entrepreneurs seek outside help with their taxes. The universality of the "tax time moment" means that the annual act of preparing business taxes provides a timely opportunity to educate startups and move business owners – and their households – up the ladder of success.

Cities that see entrepreneurship and small business as critical engines in building a strong local economy are using the tax time and their engagement in EITC campaigns and free tax prep services to connect self-employed individuals to an array of enterprise development resources. For example, the San Antonio Community Tax Center provides Schedule C business return preparation and serves as an IRS agent for immigrant Individual Taxpayer Identification Number (ITIN) applications.

In Seattle, a new "Start Your Business Right Campaign" was recently launched to support self-employment tax preparation as a way to reach low-income business owners and connect them to business-building resources and programs.

Individual Development Accounts

Individual Development Accounts (IDAs) are special savings accounts that match the deposits of low- and moderate-income savers provided that they participate in financial education and use the savings for targeted purposes – most commonly postsecondary education, homeownership or capitalizing a small business. Recent research suggests that participation in an IDA program, with its related services and restrictions, can improve homeownership outcomes for low-income households (Rademacher et al. 2010).

Whether or not the use of IDAs for homeownership is a strategy that makes sense for cities depends a great deal on the housing affordability context for the region. In some cities such as New York or San Francisco where median housing prices are many times greater than median incomes, homeownership is not a primary target for asset building. But in many cities where housing prices are less inflated, homeownership is a viable strategy and IDAs are a useful tool in attaining it.

For example, San Antonio, Savannah, Miami and Newark all offer homeownership IDAs for low-income families. The City of San Antonio offers an IDA program for low- and moderate-income residents that provides a $4 match incentive for every $1 saved by participants.

Family Self-Sufficiency Programs

Municipal housing authorities across the country offer public housing residents the opportunity to participate in the national Family Self-Sufficiency Program (FSS), sponsored by the U.S. Department of Housing and Urban Development (HUD). FSS is designed to provide public housing residents with a range of support and services that help them move along a path to self-sufficiency and eventually move out of public housing. A key piece of the FSS model is a special escrow account where, when the family's income increases as the result of an increase in salary, the money that would normally go towards higher rent goes into the escrow account. Upon successful completion of the program the money in the escrow account is theirs to use. Some participants use this money to move into unsubsidized housing; others may use it as a down payment on a home. The City of Seattle and SKCABC are working closely with the Seattle and King County Housing Authorities to offer a broad range of financial empowerment services such as FSS for their tenants.

Shared Equity Homeownership

Shared equity homeownership is a rapidly growing housing strategy in which a government or nonprofit agency acts as a co-investor with a new homebuyer, investing substantial public funds to reduce homeownership costs. These programs restrict the extent to which a family can profit from housing price increases, but they offer significant wealth creation opportunities for families otherwise priced out of homeownership and a stepping-stone between rental housing and homeownership (Jacobus 2009). Municipal leadership and local government sponsorship of shared equity housing program can help to facilitate direct access to both federal and local subsidies to acquire land and build housing (Jacobus 2008).

In Providence local leaders used private and public funds to convert large numbers of foreclosed properties into permanently affordable shared equity housing that they hope will help to create mixed-income neighborhoods for generations into the future (PolicyLink 2009).

VEHICLES

In many cities, vehicles are important assets for individuals and families; they are critical for transportation to work, school and child care. Although vehicles traditionally depreciate over time and thus are not permanent assets, in many parts of the country – including many cities – a vehicle is essential to a household's economic well-being.

In San Antonio, where only 2.9% of the workforce uses public transportation to get to work, the city identified car ownership as a useful tool for increasing resident income opportunities. In 2006, the city partnered with Ford Motor Company to create a pilot program that allows residents to put IDA savings toward a vehicle purchase. The program – which paired vehicle ownership with financial literacy classes on budgeting, savings, credit and insurance – was a step toward improving access to transportation for lower-income San Antonio residents. San Antonio also operates a second IDA program that helps individuals save toward the purchase of a reliable used car.

Strategies to Protect Consumers in the Financial Marketplace

A FINAL ELEMENT OF HOUSEHOLD FINANCIAL SECURITY and empowerment is protection against loss of income or assets, extraordinary costs, and harmful or predatory external forces. Financial setbacks due to loss of income can be significantly cushioned or even avoided if households have access to adequate, affordable and fairly-priced health, unemployment, disability, and life insurance. Similarly, assets and wealth gains can be protected through access to adequate, affordable and fairly-priced property insurance, as well as consumer protections from deceptive or predatory financial products and practices, and foreclosure prevention programs and counseling.

ZONING AND LICENSING

Over the past decade, businesses that specialize in providing alternative financial products and services to low-income individuals who have limited access to mainstream financial institutions have proliferated. These companies include payday lenders, check cashing establishments, pawn shops, rent-to-own businesses, debt collectors, tax preparers, used-auto dealers, employment agencies and loan servicers. Cities can be creative in their use of licensing and zoning powers to limit or manage the proliferation of such businesses.

> "*Assets and wealth gains can be protected through access to adequate, affordable and fairly-priced property insurance, as well as consumer protections from deceptive or predatory financial products and practices, and foreclosure prevention programs and counseling.*"

Pay Day Lending and Check Cashing

For example, some municipalities have restricted the opening of new payday lender and/or check casher businesses by using their land use and business licensing powers. The land use restrictions can take different forms, but often entail a city's doing one of the following:

- Issuing a temporary zoning moratorium on payday lending outlets
- Establishing a permanent zoning restriction on payday lending outlets

The moratorium temporarily restricts or regulates the locating of payday lenders or check cashers in certain areas of the city, or within specified distances of similar outlets, while it explores potential changes to its official controls.[4] Permanent zoning restrictions could entail the establishment of a restricted use district, as was the case for San Francisco, where these businesses are now unable to locate in certain neighborhoods that already have a high concentration of payday lenders or check cashers.[5] Other cities have adopted zoning measures that prohibit new payday lenders from opening within a specified distance from other payday lender locations.

Rent-to-Own Stores and Car Title Lending

The rent-to-own industry (RTO) includes businesses that rent furniture, appliances, home electronics and other household items. According to a Federal Trade Commission survey of RTO customers, the majority of customers do purchase the items they rent from an RTO, but they pay a hefty price for the opportunity. Customers who rent products long enough to own them have typically paid a 70% annual percentage rate over the listed "cash price" (OFE, "Progress Report" 2009).

Cities do not have licensing authority over RTOs, which inhibits their ability to analyze the market or protect consumers, but several cities are pursuing avenues to gain this power. The New York City Department of Consumer Affairs has pursued licensing capability over RTO businesses, which would enable them to analyze the size and scope of the market, create a consumer bill of rights, and enforce the use of a model contract to ensure consumers understand the terms of the transaction. Licensing power would also enable the City to require books and records inspections and hold RTO businesses accountable for using cash prices that are based on the market (OFE, "Progress Report" 2009).

ENFORCEMENT AND COMPLIANCE

Some of the most effective, lowest-cost opportunities to protect low-income residents from predatory products and services come from enforcing consumer protection laws that prevent deceptive advertising. These broad consumer protection laws give local government a way to intervene in industries that they cannot directly regulate.

Tax Preparers/Refund Anticipation Loans

Refund anticipation loans (RALs) are loans received by taxpayers in anticipation of a refund from the IRS. These loans usually carry high interest rates or fees and are disproportionately utilized by lower-income households. A recent study estimates that EITC recipient tax filers paid an average of $130 for this loan product, in exchange for a two week advance on their tax refund.[6] RAL usage among EITC recipients in large cities approximates 40% but can range from a low of 11.2% in San Francisco to a high of 65% in Memphis (Berube and Kornblatt 2005).

To combat these high-cost lending practices by tax preparation companies, cities such as Seattle, New York and San Antonio have enacted RAL ordinances. New York City legislation mandates that before a taxpayer can enter into a loan agreement with a tax filer, certain disclosures must be made to the borrower. In 2008, inspectors with the Department of Consumer Affairs targeted their enforcement efforts in neighborhoods with high concentration of EITC uptake. In 2008 and 2009, inspectors visited 1,100 tax preparation businesses and issued 547 violations related to RALs (OFE, "Progress Report"2009). The aggressive enforcement efforts resulted in a steep decrease in the number of RAL violations.

In San Antonio and New York, in addition to similar disclosures, the ordinances disallow certain other actions by the tax preparer, such as requiring tax filers to use RALs when filing taxes. Given the limited scope of municipal power over private financing tools (state and federal legislation pre-empts certain municipal regulation of local banking and payday lender transactions) improving RAL interest rate transparency is a legally feasible, low-cost mechanism for helping consumers make prudent borrowing decisions.

State- and federal-level policymaking and administration can and are having a significant effect on the need and impact of local legislation surrounding RALs and other alternative lending products. In states already regulating the disclosure requirements or maximum interest rates or fees for RALs, municipal legislation requiring RAL disclosures might be pre-empted and/or unnecessary.[7] At the federal level, the recent decision by the IRS to stop providing a key piece of information that tax preparers use as an underwriting tool for RALs will be sure to dampen their usage.[8] While the rule change will make it harder for tax preparers to assess risk and issue RALs, advocates believe it will not end the targeting of low-income individuals in the tax preparation field. As such, there continues to be an important oversight and consumer protection role for local government to play in this area.

LITIGATION

The New York City Department of Consumer Affairs has been on the forefront of prosecuting tax preparers for deceptive advertising and promotions concerning RALs. In December 2002, the City announced a record settlement of over $4 million in its lawsuit against H&R Block for allegedly engaging in misleading and deceptive trade practices. H&R Block mailed $35 rebate coupons to 61,700 City residents who used the company's RAL services and filed for the EITC in tax years 2000 and 2001. A portion of this settlement was also used to fund the City's EITC public awareness campaign, which quickly became a national model.

FORECLOSURE PREVENTION STRATEGIES

Home foreclosures take a huge toll on everyone involved – most of all the homeowners, but also mortgage lenders, local communities and municipal governments. A homeowner risks losing a portion or all of the equity accrued in the foreclosed home, lenders may not recoup the full value of the home upon resale, local properties may decline in value, neighborhoods may experience increased crime and municipalities lose tax revenues. (Apgar, Duda and Gorey 2005).

Many city governments are attempting to mitigate the accelerating rate of local foreclosures by educating their citizens about foreclosure counseling resources, providing small forgivable loans to households facing foreclosure due to job loss or other unforeseen emergencies, minimizing future foreclosures through preventative measures (e.g., financial literacy), and encouraging banks to work with borrowers in default.

The city of San Antonio has developed a task force of 24 agencies and organizations that provides counseling services on fair housing issues and to those facing foreclosure. In Seattle-King County, the City and SKCABC have formed an action team that has sponsored large events connecting people directly to their lenders, certified housing counselors and attorneys to help them negotiate new loan terms and forestall foreclosure.

The City of Providence has enacted two ordinances to help stem the foreclosure crisis and mitigate its related challenges for owners and renters. The first ordinance is designed to protect renters from eviction when their apartments are subject to foreclosure proceedings. It requires financial institutions or lenders to provide tenants written notice (in English and Spanish) of who is taking over a foreclosed property, and it also requires the new owner to provide essential services, including heat, running water, hot water, electric and gas. The Foreclosure Mediation Ordinance requires financial institutions and property owners to engage in mediation with a HUD-approved counselor before moving ahead with foreclosure.

Toward an Integrated Policy Infrastructure: Removing Barriers and Leveraging Opportunities

CITIES' ABILITY TO DELIVER SERVICES that help individuals boost income, reduce debt, save, build and protect assets is partially dictated by state and federal policy permissions and prohibitions. These policies can either pave the way or stand in the way of local financial empowerment efforts. Across the five key strategies of municipal-level interventions, there are examples of policy synergy among levels of government – where funding, rules, and local, state, and federal structures align to maximize government investment. There are also, however, numerous instances where policies at different levels of government are out of step or even working at cross purposes. Several of these policy areas are explored below. In addition, Appendix 1 of this report provides a comprehensive table of local, state and federal policy alignment opportunities.

Aligning Policies to Improve Access to High Quality Financial Information, Education and Counseling

AS DISCUSSED IN THE PREVIOUS CHAPTER, cities have implemented a range of interventions to improve access to high quality financial education and counseling – from increasing access to incorporating financial education into existing programs. While municipalities can, in most cases, implement similar strategies without legislative or regulatory changes at the state or federal level, several key policy reforms would increase the impact of cities' efforts.

For example, efforts being undertaken by cities such as Seattle, Savannah and New York to incorporate financial education into social service and welfare programs would be bolstered by specifically including financial education in the numerous federally-funded programs affecting households with low incomes. Further, providing dedicated funding streams for financial education, credit repair and asset-specific financial counseling would facilitate the expansion of these highly successful local initiatives. At the state-level, allowing financial education to count as a Temporary Assistance for Needy Families (TANF) work activity is a simple way to increase the number of residents receiving valuable financial education and could also allow provide greater resources for such programs.

Cities' efforts to improve the quality of financial education through certification of providers would be made simpler if a national certification program existed. Such a program would make it easier for cities to set standards for providers, and New York City has been exploring the creation of a national program with the U.S. Department of Treasury. Congressional authorization of and funding for a national financial education provider certification program is critical.

A number of states have also implemented policies to incorporate financial education into schools. State efforts in this area may include developing K-12 financial education curriculum standards and establishing requirements to be implemented statewide. Requirements could range from mandating a financial education course be completed before a student can graduate high school or more comprehensively testing students on their knowledge of personal finance. Thirty-eight states have legislation on the books that requires high schools to include personal finance in their curriculum standards. However, only nine require testing of knowledge on the personal finance curriculum, and seven make it a graduation requirement (CFED 2009). Federal guidelines and standards, as well as funding streams, could increase cities' progress in this area.

The U.S. Department of Treasury, in its capacity as Chairperson of the Financial Literacy Education Commission (FLEC), has recently released a revised national strategy for financial literacy and a set of financial education core competencies for comment and review. These efforts can and should be strengthened (in particular with clearer mandates for FLEC agency implementation) and could help drive broad agreement on the basic content for financial literacy and education programs.

Aligning Policies to Increase Access to Income-Boosting Supports and Tax Credits

A POLICY WHERE THERE IS ALREADY A FAIR AMOUNT OF ALIGNMENT among levels of government is the EITC. The federal EITC is one of the largest and most effective wage support programs for low- and moderate-income families. The federal credit was first enacted in 1975 and has been dramatically expanded from $1.3 billion to $48.7 billion in 2007 (IRS 2009). Since the federal credit was enacted, 23 states and the District of Columbia have enacted state-level EITCs (CFED 2009), and several local jurisdictions – San Francisco, New York and Montgomery County, MD – have enacted local credits that piggy-back on the federal credit.

Federal, state and local governments align efforts in several important ways. For example, whether or not a state or locality has its own piggy-back credit, some states and localities are maximizing take-up of the federal credit by funding outreach efforts. States and localities that do have piggy-back EITCs leverage the federal and/or state mechanisms and structures for delivering the credit. The federal government, for its part, supports the local delivery of free tax preparation services by providing technical assistance to train local volunteers and – at least recently – by providing some funding to free tax prep sites.

Yet, even with this example, more could be done to increase alignment and maximize public investment. For example, the federal government could increase and make permanent the funding available to community-based free tax preparation services. Doing so would increase the capacity of local efforts in many more communities across the country and thus increase the take-up of federal, state and local EITCs. The federal government could also improve and expand the current EITC.

State governments can also help to ensure residents have adequate income by enacting a state-level EITC, where such a credit does not already exist. States could also fund outreach and public awareness campaigns to increase take-up of the state and/or federal credit.

Another area to improve alignment is around increasing access to and uptake of public benefit programs. A number of cities – including Miami, New York, Seattle, Newark, San Francisco, San Antonio and Providence – are active in this area. States and the federal government can support these efforts by aligning eligibility criteria across programs and enabling data sharing across programs. Such streamlining would make application simpler and make enrollment more efficient, reducing administrative costs and making the most of fixed resources.

Aligning Policies to Connect Residents to Safe, Affordable Financial Products and Services

CITIES ACROSS THE COUNTRY ARE DESIGNING AND IMPLEMENTING innovative policy solutions to help people who are disconnected from the mainstream banking system gain access to safe, affordable financial services through both specialized account-based bank access programs and Bank On campaigns. In addition, a number of cities – including Miami, San Antonio, Seattle and San Francisco – have developed affordable consumer credit products. Both of these kinds of initiatives can and should be supported by the federal government.

> *“Cities across the country are designing and implementing innovative policy solutions to help people who are disconnected from the mainstream banking system gain access to safe, affordable financial services through both specialized account-based bank access programs and Bank On campaigns.”*

The Obama Administration’s budget request for FY 2011 included funding for a $50 million Bank on USA initiative. Responding to this request, Congress appropriated funding for both the Bank on USA initiative and for grants to create small-dollar lending alternatives to higher-cost and often predatory loans. If appropriately planned and executed, both initiatives will expand access to mainstream financial products and services for individuals with low and moderate incomes.

In addition, the federal government should expand its existing regulatory structures to encourage financial institutions to provide safe, affordable products. The Community Reinvestment Act (CRA) should be amended to more comprehensively evaluate financial institutions on the products they actually offer and to give greater weight to such assessments in their CRA ratings. Further, federal agencies can support work being done at the local level by improving and expanding data available on net worth, banked status, foreclosure and consumer debt.

States can support access to appropriate financial products and services by creating banking development districts (BDDs) as described in the previous chapter. The model was first enacted

Powers, Roles and Opportunity for Synergy for Local, State and Federal Governments

In a federal system, state and federal governments each have certain powers and responsibilities. Article I of the Constitution enumerates the federal government's powers, which include authority over issues such as interstate commerce, immigration, bankruptcy and currency, among others. Powers reserved for states or traditionally state in scope include education, police protection, licensing, public health and control of local governments. Federal and state governments concurrently share power over issues such as transportation, taxation, making and enforcing laws, borrowing and spending for the general welfare, and chartering banks.

Local governments, in contrast, are chartered by states and can only act within powers that are delegated to them. Generally, in states with constitutional or legislative provisions allowing municipal home rule, local municipalities can make decisions on local matters without specific authorization by the state and can limit the intervention of the state on local matters (Stenberg and Austin 2006). In these states, home rule can be granted automatically, such as when cities exceed a pre-defined population, or communities enact home rule though legislation or voter referendum. In municipalities not enacting home rule, or in municipalities whose states do not allow it, local governments may need to obtain explicit authority from the state for "virtually everything they do" (Stenberg and Austin 2006). As it relates specifically to their asset building opportunities, municipalities operating under home rule would likely have more flexibility in undertaking local asset-building work through enacting local legislation.

In many policy areas, the distinction between the roles for each level of government is muddled and evolves over time. A policy that may start with straightforward and "appropriate" roles for each level of government can become layered with new rules, mandates and complexities as successive legislative sessions leave their imprint on the policy.

Despite the complexities, there are advantages to this multi-layered system. Whether in the federal-state relationship, the state-local relationship or federal-local relationship, "upstream" governments have the potential to equalize resources and opportunities available to "downstream" jurisdictions – essentially setting a floor that can be built upon. Upstream governments can also provide incentives to downstream governments to spread innovations that emerge from one state or locality. On the flip side, however, there are also disadvantages. One is that upstream governments will create unfunded mandates for states or localities to carry out. Another is that they will preempt the innovative policies of downstream jurisdictions.

In the best case relationship, upstream governments will provide adequate resources to carry out policy mandates, and, at the same time, they will eliminate barriers to innovation for downstream governments. Downstream governments, for their part, will take advantage of incentives to improve policy and use the flexibility they have to devise innovative ways to address local needs.

in New York State in 1997, and the city of Los Angeles is currently considering an ordinance that would create BDDs at the local level. The New York program has had considerable success in opening brick-and-mortar branches. However, it could be strengthened by increasing the focus on products and services available.

In some states, cities are unable to leverage municipal deposits to encourage financial institutions to participate in safe banking programs. For example, in New York, state law prohibits municipalities from placing deposits in credit unions and savings banks. Where applicable, removing such state prohibitions would increase cities' ability to encourage institutions to offer appropriate financial services and products.

Aligning Policies to Create Opportunities to Build Savings and Assets

AS DETAILED IN THE PREVIOUS CHAPTER, a number of cities are encouraging families to save for emergencies and for appreciable assets through matched savings programs. However, better coordination of local, state and federal funding for these programs would increase their reach and impact.

States should provide funding for IDA programs that is sufficient to meet demand, stable over time, flexible enough to cover program administration costs, and that is stewarded by a state agency champion. States should also encourage college savings by automatically opening 529 plans for all children; removing barriers – such as minimum deposits, social security number requirements and complicated application procedures; and matching deposits at a level that will provide a meaningful account balance by age 18.

The federal government should adequately fund and improve the IDA programs currently authorized. For example, the Assets for Independence program should allow Community Service Block Grant and TANF funds to be used as non-federal match for the program. It should also create new matching mechanisms, such as an IDA tax credit to financial institutions, a universal, progressive system of matched children's savings accounts, and an expanded Saver's Credit.

In addition to better leveraging state and federal funding to encourage savings, policies at the state and federal level that discourage savings must be addressed. Asset limits in public benefit programs, which are set at the state and federal levels, undermine efforts to facilitate savings. Across programs, inconsistencies in the treatment of assets for the purposes of determining eligibility mean confusion and ultimately sending the signal that the poor should not save. Often applicants or recipients of public programs are required to "spend down" long-term resources in order to receive what is often short-term help.

Looking across public benefit programs for the poor, the federal government has exclusive authority to set asset limits in the Supplemental Security Income (SSI) Program. However, with other programs – TANF, Medicaid and Children's Health Insurance Program (CHIP) – the federal government has given complete authority to states to set asset limits, and with the Supplemental Nutrition Assistance Program (SNAP) given partial authority to states. As a result, there is a patchwork of complex rules with no overarching logic. To address this issue, the federal government should follow the precedent set by the recently enacted health care reform legislation (P.L. 111-148). One provision of this bill will require states to drop asset tests for Medicaid and CHIP by 2014. As TANF, SNAP and SSI are up for reauthorization, Congress should lift asset tests in these programs for all states. Until that happens, states should use the flexibility they do have to remove asset tests to eliminate the disincentive to save and allow families to build a personal safety net.

Asset Tests: A Game of Rock, Paper, Scissors Where Nobody Wins

To illustrate the illogical "system" of asset tests for public benefits, consider how the rules vary by program in three states and how the result thwarts families' ability to gain financial security and opportunity.

Louisiana: Imagine a poor family in Louisiana seeking three kinds of supports: cash assistance through TANF, health care coverage through Family Medicaid and food assistance through SNAP. Louisiana is one of only four states that has eliminated the TANF asset test. The state also eliminated the asset test in Family Medicaid. However, neither of those policy advances would matter if this family were also seeking SNAP, which has an asset cap of $2,000 ($3,000 if the household included an elderly or disabled member). The SNAP asset test would essentially negate the other two policies.

Colorado: Now consider an individual in Colorado seeking both SSI and Medicaid. Although Colorado has eliminated the asset test for Medicaid, he or she would still face a SSI asset test of $2,000, which is set at the federal level, thus effectively imposing that cap for both programs.

New Hampshire: Finally, imagine a family in New Hampshire seeking both SNAP and TANF. Although the state has eliminated its SNAP asset test, it has set a punitive $1,000 limit on its cash assistance program, trumping the progress made on SNAP.

Aligning Policies to Protect Consumers in the Financial Marketplace

MUNICIPALITIES HAVE IMPLEMENTED PROGRAMS AND POLICIES to protect consumers in the financial services marketplace, enforcing laws covering predatory refund anticipation loans (RALs) and developing policies to prevent foreclosure of current homeowners and protect future homeowners from predatory mortgage loans. However, consumer protections regarding many financial services providers are limited to state or federal laws.

In some cases, state laws support local efforts by curbing a number of abusive practices. For example, 16 states and the District of Columbia protect their citizens from high-cost payday loans by either explicitly prohibiting payday lending or lending by check cashers or by effectively banning the practice by mandating an APR of 36% or lower (Brooks and Comer 2010). While states are preempted by the federal government from applying similar caps to RALs, some states, including New York, prohibit third-party, or "add on," fees charged by tax preparers facilitating RALs and mandate a number of consumer disclosures. States where such protections do not exist should adopt these state protections.

States can also enact policies to prevent foreclosures and protect future homeowners from predatory mortgage loans. Forty states have enacted laws to protect homeowners against foreclosure (CFED 2009). These policies include requirements for a judicial review, loss mitigation, pre-foreclosure and pre-sale protections, or protection against rescue scams. To protect future homeowners states can restrict the terms or provisions of mortgage loans, strengthen regulation of mortgage lenders and brokers, require lenders and brokers to engage in sound underwriting practices, and ensure that laws on the books can be enforced to protect consumers. Thirty-seven states and the District of Columbia have taken some action to curb predatory mortgage lending (Brooks and Comer 2010). States where such protections do not exist should adopt these state policy protections.

The new federal Consumer Financial Protection Bureau, created through the recently enacted financial reform legislation (P.L. 111-203), represents significant progress toward federal protection of consumers in the financial services marketplace. Once implemented, a single federal regulator will have broad authority over consumer issues related to financial services providers. However, the full impact of the new agency will not truly be known for at least several years. In the interim, further consumer protections should be adopted, including improving transparency and curbing practices such as high fees for overdraft protection.

The federal government should also reverse its preemption of state regulations of the interest rates and fees charged by national banks. Doing so would empower more robust, local consumer protections against usurious lending.

From Innovation to Systems Change: The Road Ahead

THE PRECEDING CHAPTERS OF THIS REPORT DOCUMENT an unprecedented level of innovation, experimentation and commitment by city leaders – all focused on developing a new set of strategies that address the needs of financially vulnerable families. The fast pace of growth and adoption of these strategies is an indicator that the work is filling important gaps in the set of services that cities provide to their residents to help them fully and fairly participate in the economic mainstream of their communities. And while the proliferation of financial empowerment strategies is exciting, in order for this work to be sustainable and to continue to grow, we offer three recommendations for ways to strengthen this work going forward.

Invest in Evaluation

EXPERIMENTATION AT THE MUNICIPAL LEVEL can spur innovation in cities nationwide and lead to adoption of innovative strategies through state and federal policy. However, to accelerate this process, more research and evaluation needs to be done to demonstrate the effectiveness and impact of the strategies described in this report.

“Cities have certain advantages as pilot testers for innovative programs: they have access to large quantities of personal data; they are trusted sources of independent information; and they have a vested interest in rigor because they would likely incur costs of any new programming.”

Cities have certain advantages as pilot testers for innovative programs: they have access to large quantities of personal data; they are trusted sources of independent information; and they have a vested interest in rigor because they would likely incur costs of any new programming. In addition, they have better access to community-based organizations and research institutions than a single nonprofit implementing a pilot program would; and, although smaller scale than a large federal pilot, they can provide the basis for investment in a federal pilot or policy change.

As state and federal leaders and private foundations increase their investment in municipal pilot programs, it is critical that they do so at a level that enables – and even requires – evaluation to occur so that we can know whether the strategy is effective or simply inspired. There is a danger that the proliferation of pilots and innovation will remain simply good ideas if there is not commitment to evaluate and consequently to integrate and scale up strategies with promise.

Relatively few cities are now actively engaged in rigorous evaluation of financial empowerment pilot programs, but there are exceptions. For example in New York City, the $aveNYC pilot program that provides financial incentives to tax filers to encourage them to save a portion of their refund is currently being subjected to a third party evaluation. The evaluation is designed to test key triggers for getting people banked and committed to medium-term savings. At the end of the pilot phase, the evaluation will have amassed data that enables the Office of Financial Empowerment to build policy arguments for incentivized savings programs directly linked to tax returns.

Further Integrate Financial Empowerment Strategies across City Government

EACH OF THE CITIES INCLUDED IN THIS REPORT has already made significant strides to integrate financial empowerment work into the myriad of agencies that serve residents – working to ensure that no matter what door a person walks through, they can access the financial supports, products and services they need. Yet, there is a great deal more to be done.

In any given city, the agency that houses the financial empowerment work imparts a distinctive stamp on the kinds of issues, partners and strategies that become priorities. However, in the long run, to increase efficacy and efficiency, city leaders must look more broadly across public agencies and encourage all of those with a stake in the game to see the relevance of financial empowerment work to their own agendas. Municipal leaders should actively encourage the incorporation of financial empowerment services into other systems such as workforce development/job training, housing, economic development, education, public utilities, human services and other core city functions.

Plan for Political Transition

WHILE POLITICAL LEADERSHIP AND CHAMPIONS ARE EFFECTIVE WAYS to get financial empowerment initiatives off the ground, that same affiliation has the potential to limit the longevity of the initiative during times of political transition. Without careful planning and institutionalization of the work, political and financial support may dry up under new city leadership.

Embedding financial empowerment work in the ongoing operations and functions of a city agency may increase staying power and potential for true systems change. Similarly, securing permanent city funding for privately-funded pilots is essential to the sustainability of the work.

Endnotes

1 Defined as a TransUnion TransRisk score lower than 700 on a scale from 150-934. TransUnion data from Q1 2009.

2 Denver approved a local EITC and funded it in the past, but currently the program is not funded (Berube et al. 2008).

3 The EasySave Program is part of the national Auto-Save project in partnership with the New America Foundation and MDRC. As with most pilots coming out of the Office of Financial Empowerment, the program is being evaluated to determine if it helps to increase post-tax workplace savings.

4 The maximum allowed duration of moratorium ordinances will vary by state. For the issuance of a local moratorium, municipalities may require state enabling legislation to enact such an ordinance. Other municipalities could enact a moratorium based on their authority to adopt local laws under state municipal home rule laws (See Chapter 4 for further discussion on home rule laws).

5 The creation of this district was justified by San Francisco's Board of Supervisors in that "the unchecked proliferation of these businesses has the potential to displace other financial service providers … which offer a much broader range of financial services, as well as other desired commercial development in the City" (San Francisco Planning Code. Sec 249.35).

6 Given that the IRS usually processes refunds for e-filers in one to two weeks time, the average annualized interest rate on RALs exceeds 200% (Berube and Kornblatt 2005). The processing period is approximately one week longer for those receiving mailed checks.

7 As of 2005, the four states with such legislation were Connecticut, North Carolina, Illinois, Minneapolis and Wisconsin (Wu and Fox 2005).

8 The "debt indicator," as it is known, was the acknowledgement that a tax preparer received from the IRS when they electronically filed a client's taxes. That indicator would disclose whether any portion of the refund will be held to cover delinquent tax or other debts, including child support arrears or federally student loans – information that enabled the tax preparer to assess the risk of the loan.

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Appendix 1: Local, State and Federal Policy Alignment for Asset Building

Laying the Groundwork for Asset Building

MUNICIPALITIES HAVE IMPLEMENTED PROGRAMS AND POLICIES that ensure families have adequate income to both cover their basic costs and also to save some. They have also worked to remove the disincentives to save; offered and promoted opportunities for financial education; and increased access to appropriate financial products and services. The table below recommends the municipal, state and federal policies that should be adopted across the country.

Ensuring Families Have Adequate Income to Save Some

Municipal policies	State policies	Federal policies
■ Enact local EITC that builds off of state and/or federal credit ■ Fund outreach and public awareness campaigns to increase take-up of federal, state and/or local EITC and use of free community tax prep services ■ Develop/implement systems to increase take-up a range of local, state and federal public benefits	■ Enact state EITC that is at least 15% of the federal credit; is refundable; and provides incentives for saving a portion of the credit ■ Fund outreach and public awareness campaigns to increase take-up of federal and/or state credit ■ Align eligibility criteria for public benefit programs and enable data sharing across programs to streamline application and make system more efficient	■ Improve and expand federal EITC ■ Enact permanent and increased funding for free community-based tax preparation services ■ Fund outreach and public awareness campaigns to increase take-up of federal EITC ■ Allow VITA volunteers to prepare returns of those with self-employment income ■ Align eligibility criteria for public benefit programs and enable data sharing across programs to streamline application and make system more efficient

Removing Disincentives to Save by Lifting Asset Limits in Public Benefit Programs

Municipal policies	State policies	Federal policies
■ Ensure caseworkers and recipients of/applicants for aid have accurate information about amounts they can save ■ In states where eligibility decisions are devolved to the local level, lift asset limits	■ Lift asset limits in public benefit programs over which the state has control: Medicaid, TANF and SNAP	■ Lift asset limits in public benefit programs over which the federal government has control: SSI and TANF (through reauthorization of Personal Responsibility and Work Opportunity Reconciliation Act)

Offering and Promoting Opportunities for Financial Education

Municipal policies	State policies	Federal policies
■ Embed financial counseling and services into citywide efforts to help residents access public benefits ■ Embed financial counseling and services into workforce development and skills training programs ■ Embed financial education in K-12 system ■ Expand access to asset-specific counseling ■ Create standards for quality control and networks to streamline service to the public	■ Include financial education in K-12 curriculum standards; require those standards to be implemented; require completion of a personal finance course as a high school graduation requirement; and require testing of student knowledge in personal finance ■ Allow financial education to count as a TANF work activity and as a service available in Workforce Investment Act (WIA) One Stops	■ Provide additional funding for financial education, credit repair, asset-specific financial counseling ■ Ensure that financial education becomes part of the basic set of services offered and supported in WIA and TANF

Increasing Access to Appropriate Financial Products and Services

Municipal policies	State policies	Federal policies
■ Encourage financial institutions to offer low-cost, convenient savings and transaction products ■ Fund public awareness campaigns on availability of appropriate financial products and services ■ Encourage employers to connect workers to appropriate financial products and services, e.g., adopting automatic direct deposit of paychecks and offering "opt-out" 401(k)s ■ Use direct deposit as the primary means to receive local benefits, local EITC, etc.	■ Remove prohibition against using credit unions as depository institutions for municipal funds to provide municipalities with more leverage to encourage institutions to offer appropriate financial services and products ■ Require banks to offer "lifeline"/ basic banking accounts ■ Create banking development districts ■ Remove prohibition against employers automatically paying workers via direct deposit	■ Strengthen CRA service and community investment tests ■ Improve/expand data availability (net worth, banked status, foreclosure, debt) ■ Require employers that do not sponsor a retirement plan to direct deposit payroll deductions into a IRA; simplify process for loans ■ Fund and monitor local efforts to encourage financial institutions to offer low-cost, convenient savings and transaction products

Creating the Incentives to Save

MUNICIPALITIES HAVE IMPLEMENTED PROGRAMS AND POLICIES that match residents' savings; encourage homeownership and affordable housing; and support microenterprise development. The table below recommends the municipal, state and federal policies that should be adopted across the country.

Matching Residents' Savings

Municipal policies	State policies	Federal policies
■ Provide funding for IDA programs to leverage state, federal and/or private funding streams ■ Encourage college savings by matching the deposits of savers into education savings accounts ■ Add incentives to save to existing municipal programs	■ Provide funding for IDA programs that is sufficient to meet demand, stable over time, flexible enough to cover program administration costs, and is stewarded by a state agency champion ■ Encourage college savings by automatically opening 529 plans for all children; removing barriers – such as minimum deposits; and matching deposits at a level that will provide a meaningful account balance by age 18	■ Reauthorize and improve the Assets for Independence program ■ Adequately fund Office of Refugee Resettlement IDA program ■ Fund the Beginning Farmer and Rancher IDA program ■ Authorize an IDA tax credit to provide financial institutions a tax credit for providing match funding for IDAs ■ Authorize a universal, progressive system of matched children's savings accounts ■ Simplify and expand the Saver's Credit to provide a match for more low-income families ■ Allow states and localities to use CSBG and TANF as non-federal match for the Assets for Independence Program

Encouraging Homeownership and Affordable Housing

Municipal policies	State policies	Federal policies
■ Create a local housing trust fund to provide support to a range of housing and homeownership programs ■ Fund home purchase subsidies and 1st-time homebuyer education ■ Provide reduced property assessments for developers that rehabilitate buildings and keep rents affordable to low- and moderate-income households ■ Preserve long-term affordability for future homebuyers by supporting community land trusts or other shared equity programs	■ Create a state housing trust fund with stable, sufficient funding from a dedicated source that is stewarded by a state agency champion ■ Fund a comprehensive package of products and services for 1st-time homebuyers, ■ Preserve long-term affordability of homes through shared equity policies	■ Fund the national housing trust fund ■ Fund and expand a range of federal programs that encourage homeownership and provide affordable rental housing ■ Stabilize and expand the Family Self-Sufficiency Program to encourage Section 8 participants to save while maintaining affordable rental housing ■ Preserve long-term affordability of homes through a range of shared-equity provisions that recapture some of the subsidy to help current and future low-income homebuyers

Supporting Microenterprise Development

Municipal policies	State policies	Federal policies
■ Ease business licensing process for new entrepreneurs ■ Fund business incubators ■ Provide grants and forgivable loans to businesses for expansion ■ Fund organizations that provide technical assistance to entrepreneurs ■ Integrate self-employment tax preparation help into existing free/low-cost tax prep services	■ Provide stable and sufficient funding for microenterprise programs for training and technical assistance as well as loan capital ■ Fund CDFIs and recognize them as eligible delivery mechanisms for all community economic development programs ■ Enact a new entrepreneur tax credit to encourage new businesses to file taxes	■ Expand existing infrastructure of community-based programs that provide technical assistance and financing to microentrpreneurs ■ Allow VITA volunteers to prepare returns of those with self-employment income

Protecting the Assets Families Already Have

MUNICIPALITIES HAVE IMPLEMENTED PROGRAMS AND POLICIES that curb predatory short-term lending; and prevent foreclosure of current homeowners and protect future homeowners form predatory mortgage loans. The table below recommends the municipal, state and federal policies that should be adopted across the country.

Curbing Predatory Short-term Lending

Municipal policies	State policies	Federal policies
■ Curb predatory payday lending through land use and business licensing powers ■ Curb refund anticipation lending through disclosure and other requirements of tax preparers ■ Negotiate with financial institutions and tax preparers to improve terms of financial products ■ Enforce state and federal consumer protections ■ Carryout public awareness campaigns about deceptive consumer practices	■ Explicitly prohibit payday lending or effectively ban the practice by mandating an APR of 36% or lower ■ Accelerate disbursement of state tax refunds by adopting options for electronic filing and direct deposit	■ Extend 36% rate cap that military personnel may be charged to all consumers ■ Effectively implement Consumer Financial Protection Bureau ■ Improve the IRS Advance EITC program

Preventing Foreclosures and Protecting Future Homeowners from Predatory Mortgage Loans

Municipal policies	State policies	Federal policies
■ Provide funding for foreclosure prevention counseling and forgivable loans for at-risk homeowners ■ Encourage banks to pursue work-outs with homeowners at risk of foreclosure ■ Enforce building code ordinances for blighted abandoned properties to maintain neighborhood property values ■ Provide funding for 1st-time homebuyer counseling	■ Restrict the terms or provisions of mortgage loans; strengthen regulation of mortgage lenders and brokers; require lenders and brokers to engage in sound underwriting practices; and ensure that laws on the books can be enforced to protect consumers ■ Enact legislation that protects homeowners at-risk of foreclosure from losing their homes without due process and regulate lenders and mortgage brokers to ensure fair practices	■ Amend CRA to provide point to banks to pursue work-outs ■ Fund community-based foreclosure prevention initiatives

Appendix 2: Municipal Data Profiles for CFE Cities

CFED worked with the cities in the CFE Coalition to map a range of indicators that the cities could use to measure performance against their financial empowerment goals. Appendix 2 contains the complete set of indicators for each of the cities. The set of over 60 data indicators includes demographic snapshots for each city and outcomes in five categories essential to building assets and long-term financial security in today's economy: Household Finances & Use of Services, Employment & Business Ownership, Housing & Homeownership, Educational Attainment, and Health Insurance. Taken together, these five categories provide a comprehensive look at the financial stability and economic resiliency of families in the CFE cities.

The data was also used to create Assets & Opportunity Profiles for each of the cities – communication tools designed to fuel a local conversation about wealth, poverty and opportunity as well as to enhance the cities' ability to make the case for their work. In addition to the data, the Profiles document the range of financial empowerment and asset-building programs and services strategies being implemented by the cities. To view the complete profile for each city, visit CFED's website at **http://cfed.org/policy/local_policy_advocacy/local_profile/**.

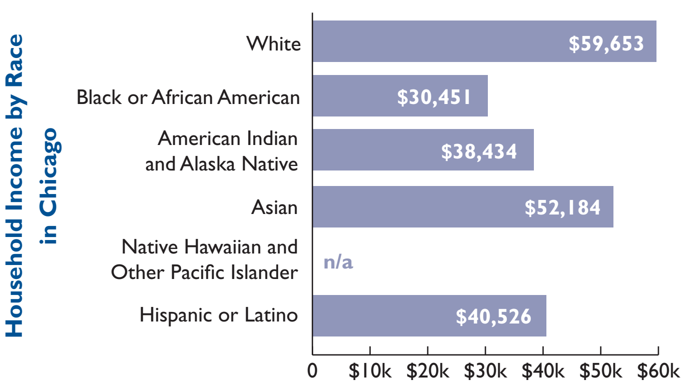
Chicago

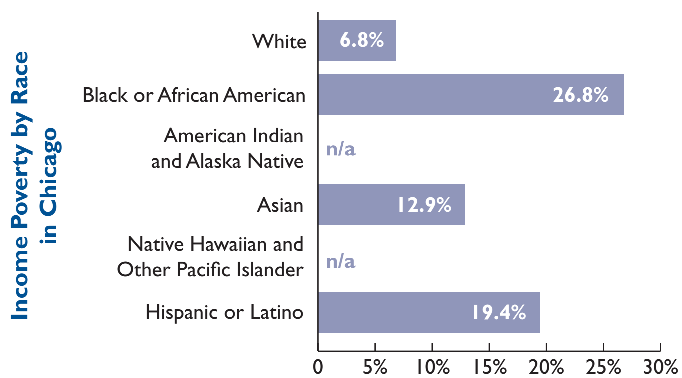
POPULATION DEMOGRAPHICS

MEASURE	City of Chicago	Cook County	Chicago, IL MSA	Illinois	United States
Total Population	2,740,224	5,288,161	9,463,477	12,783,049	298,757,310
White	30.9%	45.1%	56.8%	65.3%	66.3%
Black or African American	34.7%	25.5%	17.7%	14.6%	12.2%
American Indian and Alaska Native	0.1%	0.1%	0.1%	0.1%	0.7%
Asian, Native Hawaiian and Other Pacific Islander	4.9%	5.6%	5.1%	4.2%	4.4%
Hispanic or Latino	28.1%	22.5%	19.1%	14.6%	14.7%
U.S. Citizen	87.0%	88.3%	90.2%	92.3%	92.8%
Speak English Less Than "Very Well"	17.8%	15.8%	12.7%	9.8%	8.6%

HOUSEHOLD FINANCES & USE OF SERVICES

MEASURE	City of Chicago	Cook County	Chicago, IL MSA	Illinois	United States
Median Household Income	$44,473	$52,358	$58,946	$53,745	$50,007
Income Poverty Rate	17.2%	11.5%	8.7%	8.9%	9.8%
Asset Poverty Rate	38.4%	30.0%	24.9%	24.9%	25.9%
Extreme Asset Poverty Rate	25.7%	20.0%	16.6%	16.5%	16.9%
Hseholds w/ Interest, Dividend or Net Rental Income	19.6%	24.9%	26.8%	27.0%	25.1%
Tax Filers Receiving EITC	23.8%	18.2%	14.7%	15.0%	16.6%
Average EITC Refund	$2,166	$2,082	$2,021	$1,971	$1,932
Unbanked Households	14%	12%	9%	n/a	8%
Median Credit Score	n/a	657	674	679	672
Consumers with Subprime Credit Scores	n/a	58.2%	55.1%	54.1%	55.2%
Average Revolving Debt	n/a	$13,384	$14,254	$12,261	$11,863
Average Revolving Credit Utilization	n/a	31.2%	30.8%	29.4%	29.9%
Average Installment Debt	n/a	$24,608	$23,784	$22,742	$23,717
Borrowers 90+ Days Overdue	n/a	4.6%	4.2%	3.9%	4.3%



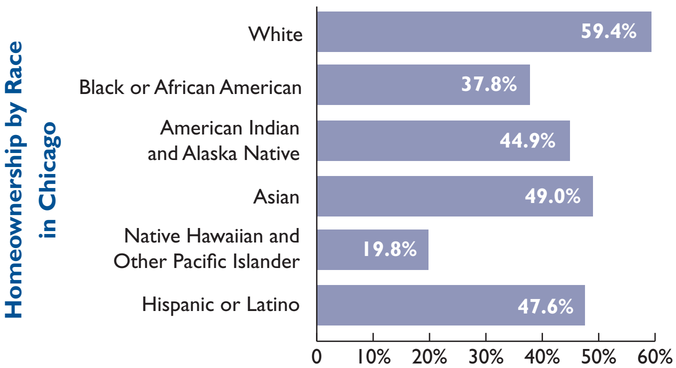


EMPLOYMENT & BUSINESS OWNERSHIP

MEASURE	City of Chicago	Cook County	Chicago, IL MSA	Illinois	United States
Annual Unemployment Rate	10.9	10.3%	10.0%	10.1%	9.3%
Average Annual Pay	n/a	$54,053	n/a	$47,685	$44,458
Self-Employment	8.9%	9.4%	9.7%	10.5%	12.1%
Microenterprise Ownership Rate	n/a	17.8	16.4	15.6	16.4
Vehicle Non-Availability by Working Household	17.5%	10.5%	6.6%	5.6%	4.9%

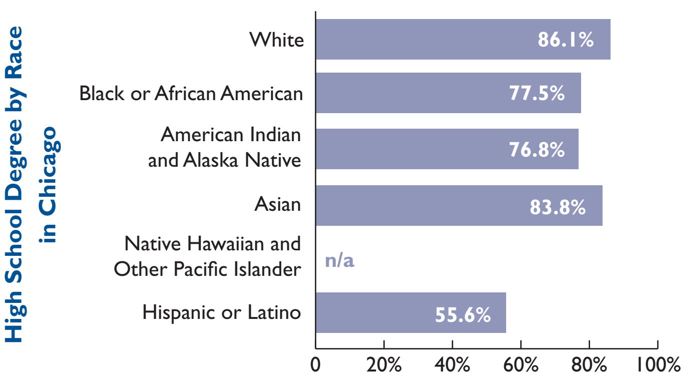
HOUSING & HOMEOWNERSHIP

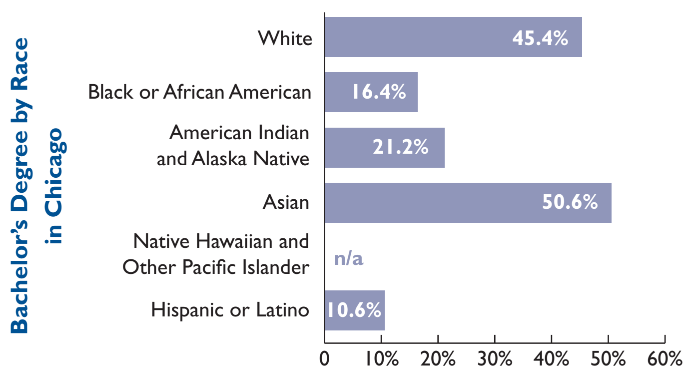
MEASURE	City of Chicago	Cook County	Chicago, IL MSA	Illinois	United States
Homeownership Rate	49.3%	62.0%	69.0%	70.1%	67.3%
Cost Burdened Renters	50.3%	49.1%	47.9%	46.2%	45.7%
Cost Burdened Owners	50.5%	46.5%	42.7%	38.1%	36.3%
Affordability of Homes	6.1	5.1	4.2	3.7	3.6
Average Mortgage Debt	n/a	$226,395	$211,807	$181,649	$195,500
High-Cost Mortgage Loans	n/a	20.9%	18.4%	18.7%	17.5%
Foreclosure Rate	4.9%	4.2%	3.4%	3.3%	3.0%



EDUCATIONAL ATTAINMENT

MEASURE	City of Chicago	Cook County	Chicago, IL MSA	Illinois	United States
Less than High School	22.5%	18.0%	15.2%	14.8%	16.0%
High School Degree	77.5%	82.0%	84.8%	85.2%	84.0%
Associate's Degree	35.0%	37.5%	38.5%	36.2%	34.4%
Bachelor's Degree	29.4%	31.2%	31.8%	29.0%	27.0%
Graduate or Professional Degree	11.7%	12.3%	12.0%	10.8%	9.9%





HEALTH INSURANCE

MEASURE	City of Chicago	Cook County	Chicago, IL MSA	Illinois	United States
Uninsured Rate	n/a	16.9%	n/a	15.4%	17.2%
Uninsured Low-Income	n/a	10.9%	n/a	9.9%	29.4%
Uninsured Low-Income Children	n/a	6.6%	n/a	6.2%	18.3%

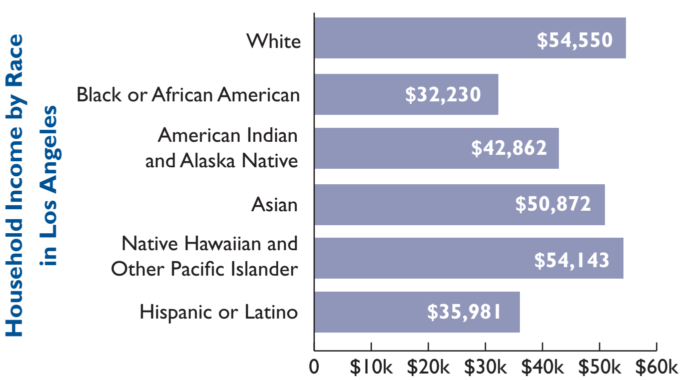
Los Angeles

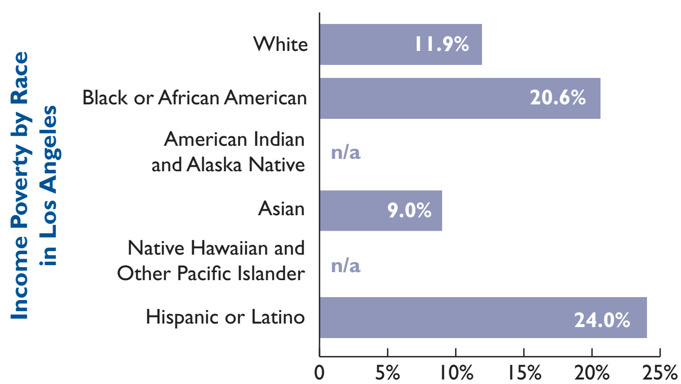
POPULATION DEMOGRAPHICS

MEASURE	City of Los Angeles	Los Angeles County	Los Angeles, CA MSA	California	United States
Total Population	3,770,590	9,883,649	12,872,056	36,264,467	298,757,310
White	29.3%	29.1%	33.3%	43.0%	66.3%
Black or African American	9.7%	8.7%	7.1%	6.1%	12.2%
American Indian and Alaska Native	0.2%	0.2%	0.3%	0.5%	0.7%
Asian, Native Hawaiian and Other Pacific Islander	10.6%	13.0%	13.7%	12.4%	4.4%
Hispanic or Latino	48.5%	47.1%	43.9%	35.7%	14.7%
U.S. Citizen	75.1%	79.5%	80.3%	84.5%	92.8%
Speak English Less Than "Very Well"	30.6%	27.4%	26.1%	20.0%	8.6%

HOUSEHOLD FINANCES & USE OF SERVICES

MEASURE	City of Los Angeles	Los Angeles County	Los Angeles, CA MSA	California	United States
Median Household Income	$46,292	$52,628	$56,680	$58,361	$50,007
Income Poverty Rate	15.8%	12.4%	10.9%	9.7%	9.8%
Asset Poverty Rate	40.0%	34.1%	31.7%	28.2%	25.9%
Extreme Asset Poverty Rate	25.0%	21.2%	19.7%	17.7%	16.9%
Hseholds w/ Interest, Dividend or Net Rental Income	19.7%	21.1%	22.9%	25.2%	25.1%
Tax Filers Receiving EITC	21.0%	19.4%	17.5%	15.7%	16.6%
Average EITC Refund	$1,937	$1,946	$1,917	$1,905	$1,932
Unbanked Households	24.0%	22.0%	21.0%	n/a	8%
Median Credit Score	n/a	656	656	674	672
Consumers with Subprime Credit Scores	n/a	58.6%	58.4%	54.9%	55.2%
Average Revolving Debt	n/a	$16,437	$17,346	$17,323	$11,863
Average Revolving Credit Utilization	n/a	35.3%	36.3%	35.4%	29.9%
Average Installment Debt	n/a	$21,958	$23,006	$23,480	$23,717
Borrowers 90+ Days Overdue	n/a	7.1%	7.2%	6.0%	4.3%



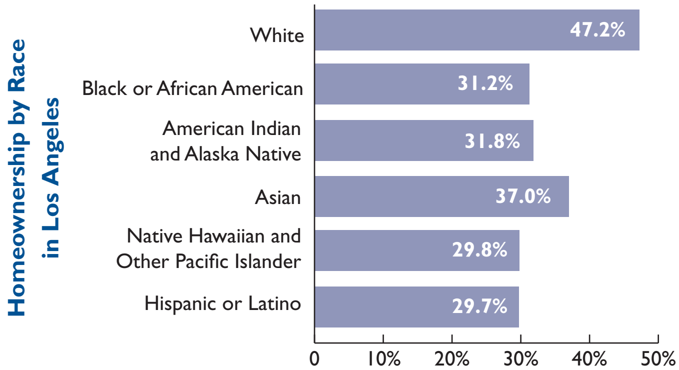


EMPLOYMENT & BUSINESS OWNERSHIP

MEASURE	City of Los Angeles	Los Angeles County	Los Angeles, CA MSA	California	United States
Annual Unemployment Rate	12.8%	11.6%	10.9%	11.4%	9.3%
Average Annual Pay	n/a	$50,361	n/a	$50,538	$44,458
Self-Employment	18.0%	15.8%	15.7%	14.9%	12.1%
Microenterprise Ownership Rate	n/a	19.6	19.3	17.6	16.4
Vehicle Non-Availability by Working Household	8.3%	5.5%	4.7%	4.0%	4.9%

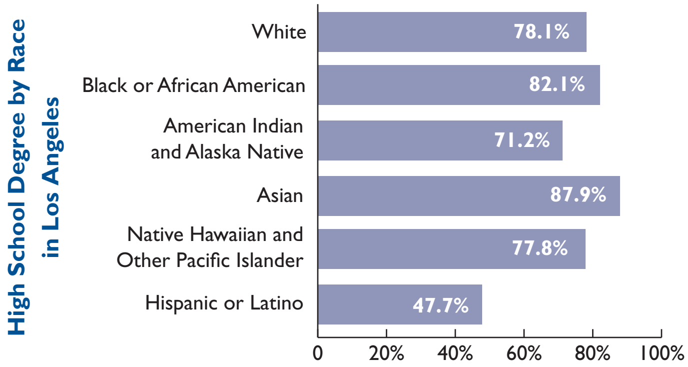
HOUSING & HOMEOWNERSHIP

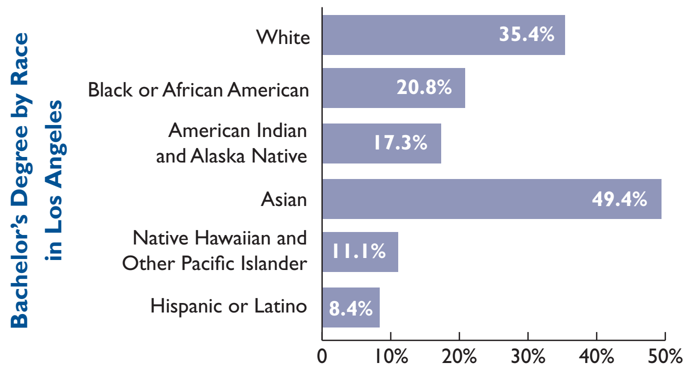
MEASURE	City of Los Angeles	Los Angeles County	Los Angeles, CA MSA	California	United States
Homeownership Rate	39.9%	49.3%	52.3%	58.4%	67.3%
Cost Burdened Renters	54.6%	53.1%	53.0%	51.5%	45.7%
Cost Burdened Owners	56.9%	53.0%	52.0%	50.8%	36.3%
Affordability of Homes	12.9	10.5	10.3	8.8	3.6
Average Mortgage Debt	n/a	$377,179	$365,642	$365,192	$195,500
High-Cost Mortgage Loans	n/a	17.5%	16.0%	15.1%	17.5%
Foreclosure Rate	3.9%	3.6%	3.3%	4.0%	3.0%



EDUCATIONAL ATTAINMENT

MEASURE	City of Los Angeles	Los Angeles County	Los Angeles, CA MSA	California	United States
Less than High School	27.5%	25.2%	23.4%	20.0%	16.0%
High School Degree	72.5%	74.8%	76.6%	80.0%	84.0%
Associate's Degree	34.5%	34.3%	36.3%	36.7%	34.4%
Bachelor's Degree	28.8%	27.6%	29.3%	29.1%	27.0%
Graduate or Professional Degree	9.7%	9.4%	10.0%	10.4%	9.9%





HEALTH INSURANCE

MEASURE	City of Los Angeles	Los Angeles County	Los Angeles, CA MSA	California	United States
Uninsured Rate	n/a	23.4%	n/a	20.5%	17.2%
Uninsured Low-Income	n/a	13.4%	n/a	11.4%	29.4%
Uninsured Low-Income Children	n/a	8.3%	n/a	8.6%	18.3%

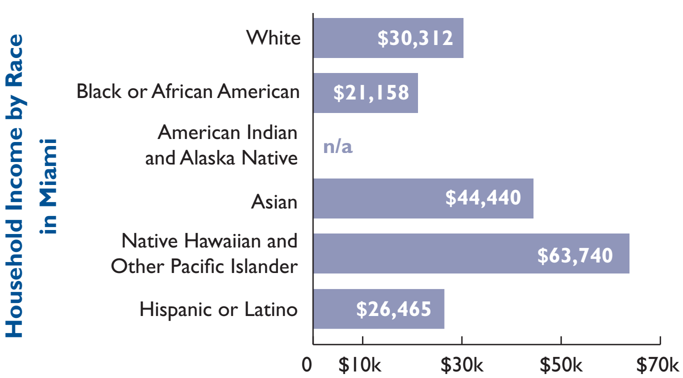
Miami

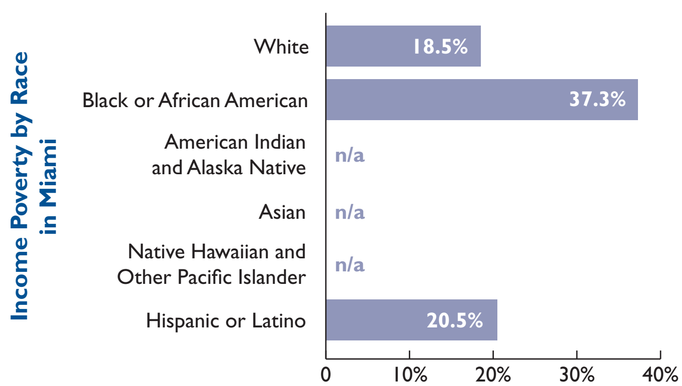
POPULATION DEMOGRAPHICS

MEASURE	City of Miami	Miami-Dade County	Miami, FL MSA	Florida	United States
Total Population	352,064	2,373,297	5,404,990	18,014,927	298,757,310
White	10.4%	18.0%	38.8%	61.2%	66.3%
Black or African American	19.3%	18.1%	19.3%	14.8%	12.2%
American Indian and Alaska Native	0.0%	0.1%	0.2%	0.3%	0.7%
Asian, Native Hawaiian and Other Pacific Islander	0.8%	1.4%	2.1%	2.2%	4.4%
Hispanic or Latino	68.8%	61.4%	38.3%	20.1%	14.7%
U.S. Citizen	66.6%	73.9%	80.3%	89.7%	92.8%
Speak English Less Than "Very Well"	46.6%	35.1%	23.2%	11.7%	8.6%

HOUSEHOLD FINANCES & USE OF SERVICES

MEASURE	City of Miami	Miami-Dade County	Miami, FL MSA	Florida	United States
Median Household Income	$28,009	$41,943	$47,527	$46,602	$50,007
Income Poverty Rate	22.5%	13.2%	10.2%	9.0%	9.8%
Asset Poverty Rate	42.0%	29.5%	25.1%	24.0%	25.9%
Extreme Asset Poverty Rate	25.7%	18.3%	15.9%	15.3%	16.9%
Hseholds w/ Interest, Dividend or Net Rental Income	10.9%	14.4%	21.9%	24.5%	25.1%
Tax Filers Receiving EITC	33.0%	28.5%	22.2%	19.3%	16.6%
Average EITC Refund	$2,018	$2,005	$1,971	$1,951	$1,932
Unbanked Households	12%	11%	9%	n/a	8%
Median Credit Score	n/a	615	626	652	672
Consumers with Subprime Credit Scores	n/a	67.7%	65.0%	58.6%	55.2%
Average Revolving Debt	n/a	$14,646	$15,106	$14,041	$11,863
Average Revolving Credit Utilization	n/a	39.1%	37.6%	32.9%	29.9%
Average Installment Debt	n/a	$23,500	$23,703	$23,423	$23,717
Borrowers 90+ Days Overdue	n/a	8.9%	8.6%	6.7%	4.3%



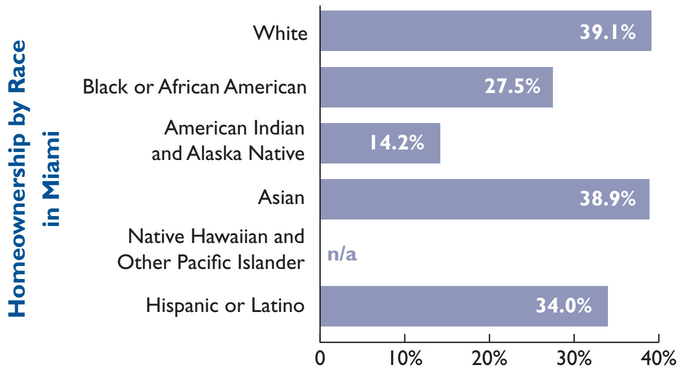


EMPLOYMENT & BUSINESS OWNERSHIP

MEASURE	City of Miami	Miami-Dade County	Miami, FL MSA	Florida	United States
Annual Unemployment Rate	11.2%	10.7%	10.2%	10.5%	9.3%
Average Annual Pay	n/a	$44,228	n/a	$39,746	$44,458
Self-Employment	14.3%	12.6%	11.6%	10.3%	12.1%
Microenterprise Ownership Rate	n/a	31.0	26.4	20.7	16.4
Vehicle Non-Availability by Working Household	10.9%	5.3%	4.0%	3.1%	4.9%

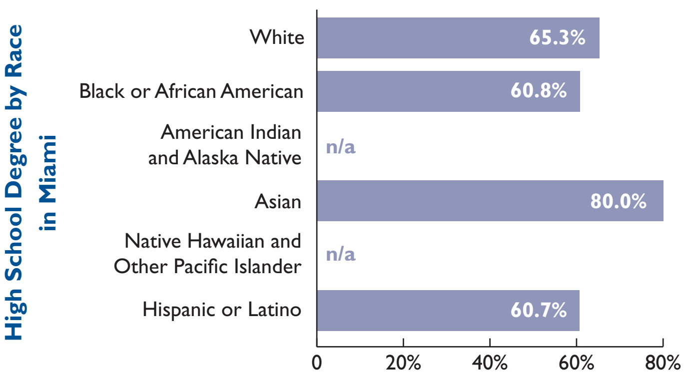
HOUSING & HOMEOWNERSHIP

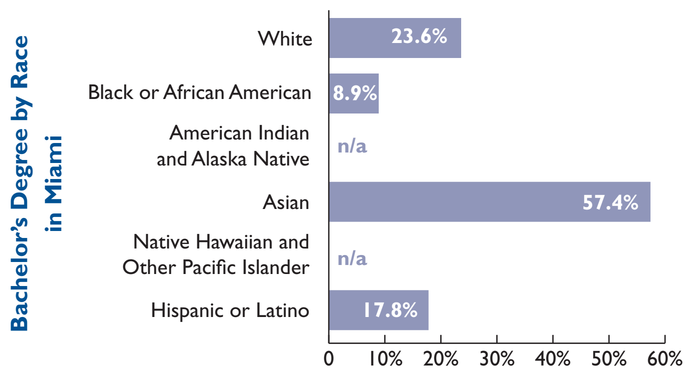
MEASURE	City of Miami	Miami-Dade County	Miami, FL MSA	Florida	United States
Homeownership Rate	36.4%	59.7%	67.4%	70.3%	67.3%
Cost Burdened Renters	61.2%	60.7%	57.8%	51.9%	45.7%
Cost Burdened Owners	61.6%	57.7%	54.1%	44.8%	36.3%
Affordability of Homes	10.7	7.0	6.2	4.7	3.6
Average Mortgage Debt	n/a	$246,752	$242,220	$198,694	$195,500
High-Cost Mortgage Loans	n/a	30.7%	27.1%	22.3%	17.5%
Foreclosure Rate	11.3%	12.1%	10.2%	8.3%	3.0%



EDUCATIONAL ATTAINMENT

MEASURE	City of Miami	Miami-Dade County	Miami, FL MSA	Florida	United States
Less than High School	35.3%	23.9%	18.1%	15.6%	16.0%
High School Degree	64.7%	76.1%	81.9%	84.4%	84.0%
Associate's Degree	27.0%	33.8%	35.9%	33.7%	34.4%
Bachelor's Degree	20.9%	25.7%	27.8%	25.2%	27.0%
Graduate or Professional Degree	7.6%	9.3%	9.9%	8.8%	9.9%





HEALTH INSURANCE

MEASURE	City of Miami	Miami-Dade County	Miami, FL MSA	Florida	United States
Uninsured Rate	n/a	29.6%	n/a	24.0%	17.2%
Uninsured Low-Income	n/a	15.3%	n/a	12.8%	29.4%
Uninsured Low-Income Children	n/a	11.8%	n/a	10.9%	18.3%

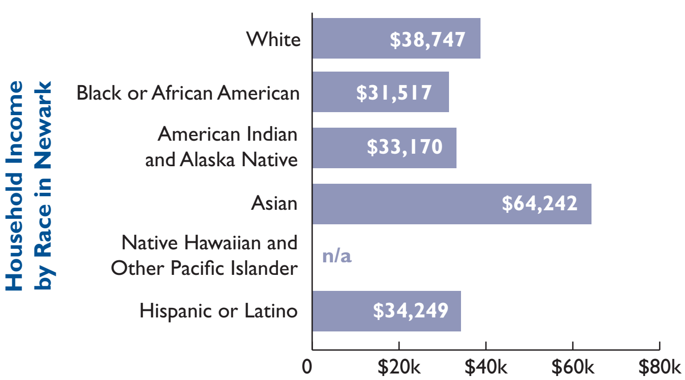
Newark

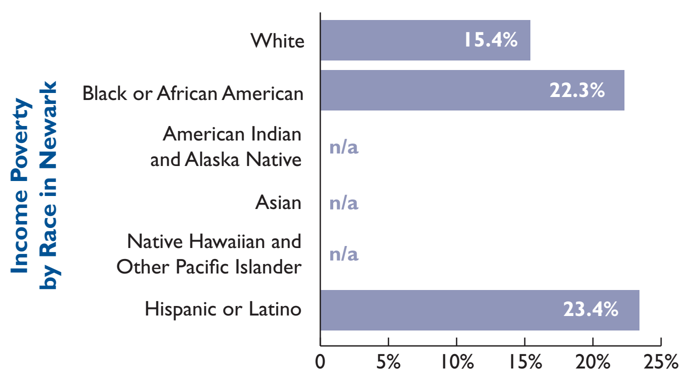
POPULATION DEMOGRAPHICS

MEASURE	City of Newark	Essex County	NY-NJ-PA, MSA	New Jersey	United States
Total Population	265,375	779,203	18,785,319	8,669,815	298,757,310
White	12.4%	35.4%	51.3%	62.5%	66.3%
Black or African American	51.2%	40.2%	16.8%	13.2%	12.2%
American Indian and Alaska Native	0.2%	0.2%	0.2%	0.1%	0.7%
Asian, Native Hawaiian and Other Pacific Islander	1.6%	4.2%	9.0%	7.3%	4.4%
Hispanic or Latino	31.7%	18.0%	21.1%	15.6%	14.7%
U.S. Citizen	81.4%	87.1%	86.2%	90.0%	92.8%
Speak English Less Than "Very Well"	24.3%	14.3%	16.8%	11.6%	8.6%

HOUSEHOLD FINANCES & USE OF SERVICES

MEASURE	City of Newark	Essex County	NY-NJ-PA, MSA	New Jersey	United States
Median Household Income	$33,991	$53,351	$60,964	$66,509	$50,007
Income Poverty Rate	20.5%	11.1%	9.8%	6.5%	9.8%
Asset Poverty Rate	58.4%	39.9%	31.7%	24.5%	25.9%
Extreme Asset Poverty Rate	38.2%	27.5%	22.4%	17.6%	16.9%
Hseholds w/ Interest, Dividend or Net Rental Income	7.7%	23.1%	27.0%	29.9%	25.1%
Tax Filers Receiving EITC	34.0%	20.1%	16.1%	11.8%	16.6%
Average EITC Refund	$2,120	$2,011	$1,913	$1,853	$1,932
Unbanked Households	17%	n/a	8%	n/a	8%
Median Credit Score	n/a	637	696	702	672
Consumers with Subprime Credit Scores	n/a	61.4%	50.9%	49.7%	55.2%
Average Revolving Debt	n/a	$14,417	$14,785	$14,591	$11,863
Average Revolving Credit Utilization	n/a	29.7%	29.7%	28.3%	29.9%
Average Installment Debt	n/a	$24,180	$24,943	$25,747	$23,717
Borrowers 90+ Days Overdue	n/a	4.8%	3.3%	3.4%	4.3%





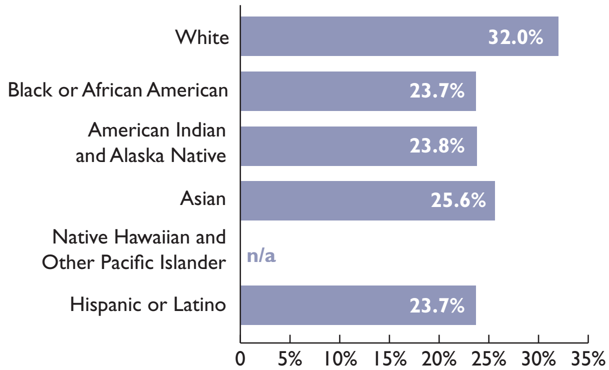
EMPLOYMENT & BUSINESS OWNERSHIP

MEASURE	City of Newark	Essex County	NY-NJ-PA, MSA	New Jersey	United States
Annual Unemployment Rate	14.3%	10.5%	8.8%	9.2%	9.3%
Average Annual Pay	n/a	$57,229	n/a	$53,853	$44,458
Self-Employment	5.5%	9.6%	10.8%	9.9%	12.1%
Microenterprise Ownership Rate	n/a	16.9	20.0	15.9	16.4
Vehicle Non-Availability by Working Household	29.4%	15.2%	24.4%	7.1%	4.9%

HOUSING & HOMEOWNERSHIP

MEASURE	City of Newark	Essex County	NY-NJ-PA, MSA	New Jersey	United States
Homeownership Rate	25.4%	47.7%	53.7%	67.4%	67.3%
Cost Burdened Renters	50.2%	47.8%	48.6%	47.8%	45.7%
Cost Burdened Owners	65.2%	49.5%	47.4%	43.8%	36.3%
Affordability of Homes	8.4	7.5	7.4	5.4	3.6
Average Mortgage Debt	n/a	$285,290	$275,866	$240,825	$195,500
High-Cost Mortgage Loans	n/a	24.1%	15.6%	16.3%	17.5%
Foreclosure Rate	16.3%	5.9%	2.6%	3.0%	3.0%

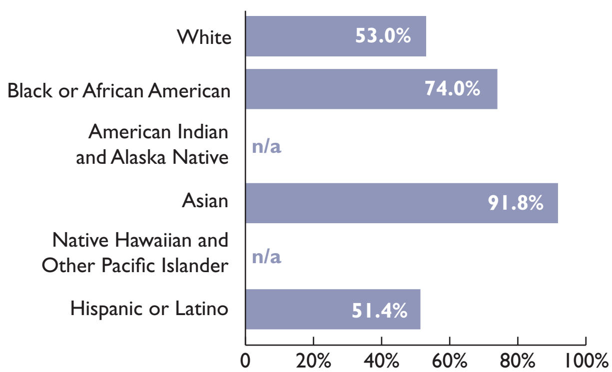
Homeownership by Race in Newark



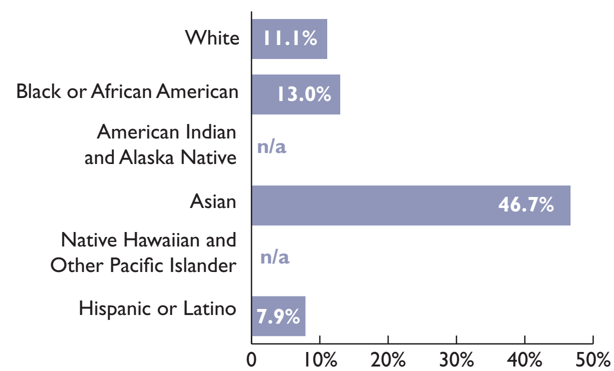
EDUCATIONAL ATTAINMENT

MEASURE	City of Newark	Essex County	NY-NJ-PA, MSA	New Jersey	United States
Less than High School	35.5%	19.7%	16.4%	13.7%	16.0%
High School Degree	64.5%	80.3%	83.6%	86.3%	84.0%
Associate's Degree	15.7%	35.7%	40.9%	39.8%	34.4%
Bachelor's Degree	11.8%	30.8%	34.6%	33.7%	27.0%
Graduate or Professional Degree	3.6%	12.5%	14.1%	12.4%	9.9%

High School Degree by Race in Newark



Bachelor's Degree by Race in Newark



HEALTH INSURANCE

MEASURE	City of Newark	Essex County	NY-NJ-PA, MSA	New Jersey	United States
Uninsured Rate	n/a	19.5%	n/a	16.6%	17.2%
Uninsured Low-Income	n/a	9.3%	n/a	9.3%	29.4%
Uninsured Low-Income Children	n/a	5.1%	n/a	5.5%	18.3%

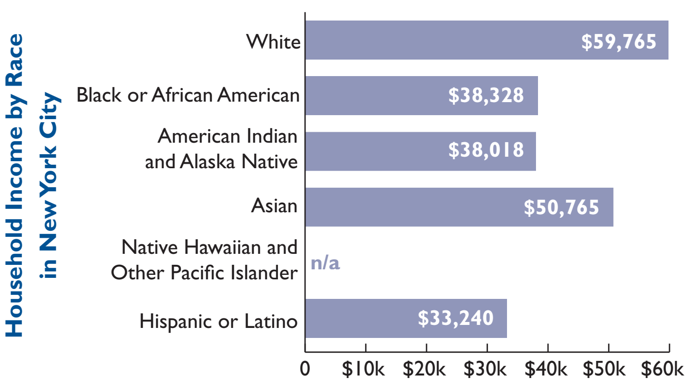
New York City

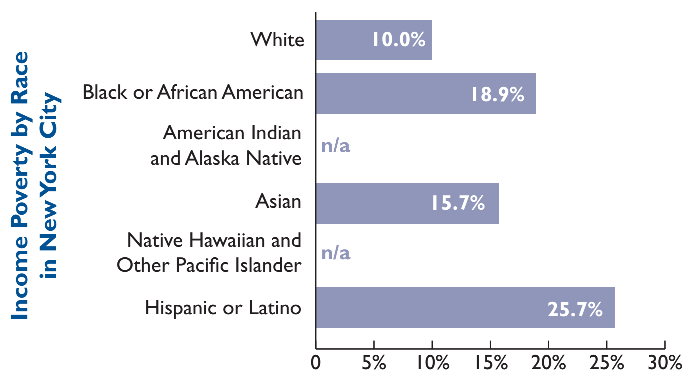
POPULATION DEMOGRAPHICS

MEASURE	New York City	NY-NJ-PA, MSA	New York State	United States
Total Population	8,246,310	18,785,319	19,280,753	298,757,310
White	35.1%	51.3%	60.3%	66.3%
Black or African American	23.7%	16.8%	14.8%	12.2%
American Indian and Alaska Native	0.2%	0.2%	0.3%	0.7%
Asian, Native Hawaiian and Other Pacific Islander	11.5%	9.0%	6.7%	4.4%
Hispanic or Latino	27.4%	21.1%	16.2%	14.7%
U.S. Citizen	81.9%	86.2%	89.5%	92.8%
Speak English Less Than "Very Well"	23.2%	16.8%	13.0%	8.6%

HOUSEHOLD FINANCES & USE OF SERVICES

MEASURE	New York City	NY-NJ-PA, MSA	New York State	United States
Median Household Income	$47,581	$60,964	$52,944	$50,007
Income Poverty Rate	16.2%	9.8%	10.7%	9.8%
Asset Poverty Rate	42.6%	31.7%	30.9%	25.9%
Extreme Asset Poverty Rate	29.4%	22.4%	21.8%	16.9%
Households w/ Interest, Dividend or Net Rental Income	21.0%	27.0%	26.1%	25.1%
Tax Filers Receiving EITC	23.7%	16.1%	17.1%	16.6%
Average EITC Refund	$1,970	$1,913	$1,897	$1,932
Unbanked Households	10%	8%	n/a	8%
Median Credit Score	660*	696	690	672
Consumers with Subprime Credit Scores	58.1%*	50.9%	51.8%	55.2%
Average Revolving Debt	$9,660*	$14,785	$12,499	$11,863
Average Revolving Credit Utilization	28.8%*	29.7%	29.1%	29.9%
Average Installment Debt	$24,276*	$24,943	$23,555	$23,717
Borrowers 90+ Days Overdue	3.5%*	3.3%	3.2%	4.3%



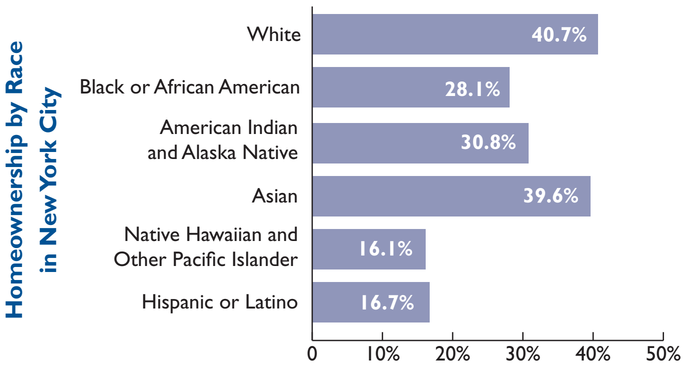


EMPLOYMENT & BUSINESS OWNERSHIP

MEASURE	New York City	NY-NJ-PA, MSA	New York State	United States
Annual Unemployment Rate	9.5%	8.8%	8.4%	9.3%
Average Annual Pay	$52,996*	n/a	$59,439	$44,458
Self-Employment	10.6%	10.8%	11.0%	12.1%
Microenterprise Ownership Rate	21.8*	20.0	18.7	16.4
Vehicle Non-Availability by Working Household	47.5%	24.4%	22.7%	4.9%

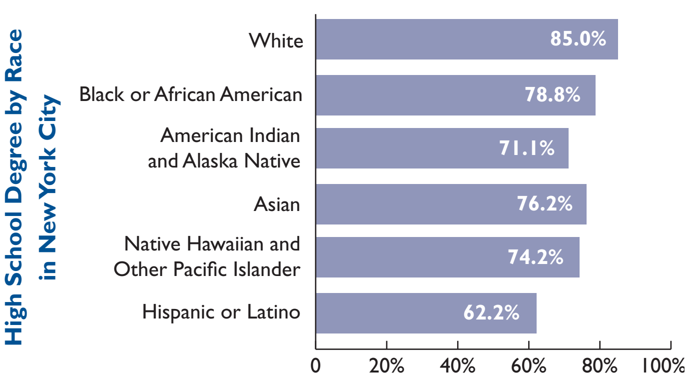
HOUSING & HOMEOWNERSHIP

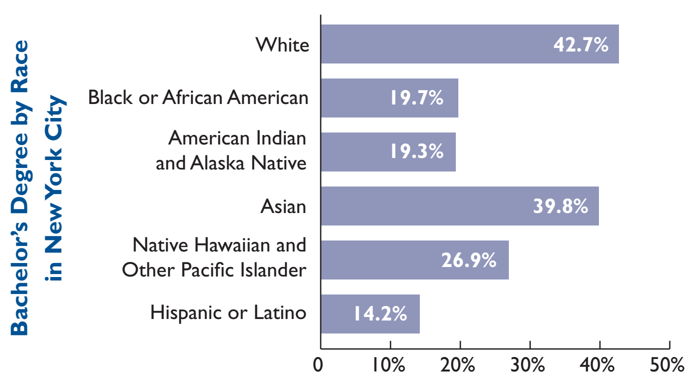
MEASURE	New York City	NY-NJ-PA, MSA	New York State	United States
Homeownership Rate	33.9%	53.7%	55.6%	67.3%
Cost Burdened Renters	48.6%	48.6%	48.0%	45.7%
Cost Burdened Owners	49.5%	47.4%	40.4%	36.3%
Affordability of Homes Ratio	10.4	7.4	5.5	3.6
Average Mortgage Debt	$321,576*	$275,866	$215,368	$195,500
High-Cost Mortgage Loans	16.4*	15.6%	16.8%	17.5%
Foreclosure Rate	2.4%	2.6%	2.0%	3.0%



EDUCATIONAL ATTAINMENT

MEASURE	New York City	NY-NJ-PA, MSA	New York State	United States
Less than High School	21.3%	16.4%	16.1%	16.0%
High School Degree	78.7%	83.6%	83.9%	84.0%
Associate's Degree	38.3%	40.9%	39.2%	34.4%
Bachelor's Degree	32.1%	34.6%	31.2%	27.0%
Graduate or Professional Degree	13.0%	14.1%	13.3%	9.9%





HEALTH INSURANCE

MEASURE	New York City	NY-NJ-PA, MSA	New York State	United States
Uninsured Rate	15.4%*	n/a	15.0%	17.2%
Uninsured Low-Income	9.0*	n/a	9.5%	29.4%
Uninsured Low-Income Children	4.2*	n/a	5.0%	18.3%

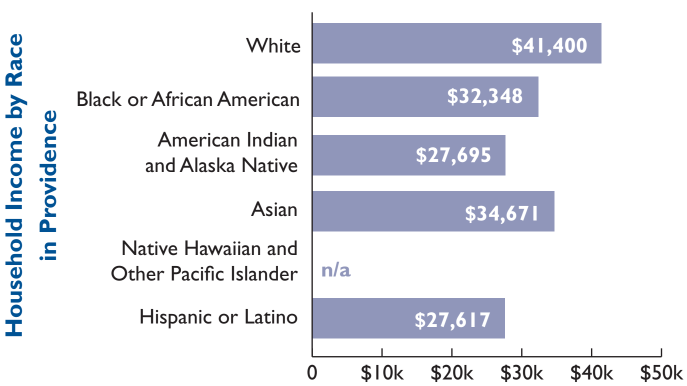
Providence

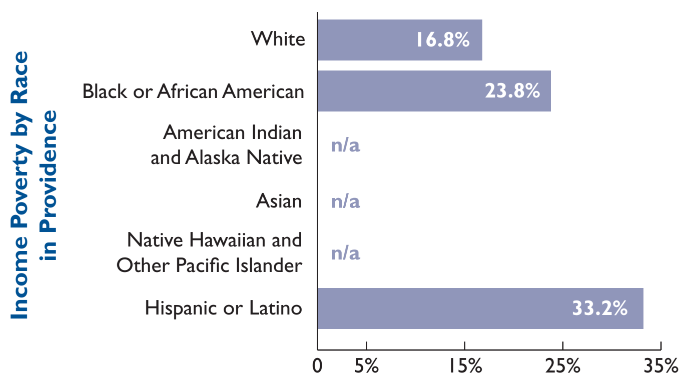
POPULATION DEMOGRAPHICS

MEASURE	City of Providence	Providence County	Providence, RI MSA	Rhode Island	United States
Total Population	170,220	631,933	1,605,211	1,062,065	298,757,310
White	40.9%	70.0%	82.0%	79.0%	66.3%
Black or African American	13.2%	6.9%	4.1%	4.7%	12.2%
American Indian and Alaska Native	0.5%	0.3%	0.3%	0.4%	0.7%
Asian, Native Hawaiian and Other Pacific Islander	5.8%	3.2%	2.4%	2.7%	4.4%
Hispanic or Latino	36.0%	16.8%	8.8%	10.9%	14.7%
U.S. Citizen	79.9%	90.0%	93.7%	93.2%	92.8%
Speak English Less Than "Very Well"	23.4%	12.9%	8.7%	8.8%	8.6%

HOUSEHOLD FINANCES & USE OF SERVICES

MEASURE	City of Providence	Providence County	Providence, RI MSA	Rhode Island	United States
Median Household Income	$35,264	$47,976	$54,064	$54,060	$50,007
Income Poverty Rate	23.1%	11.8%	8.3%	8.3%	9.8%
Asset Poverty Rate	44.8%	30.5%	25.7%	25.4%	25.9%
Extreme Asset Poverty Rate	27.6%	18.7%	15.7%	15.7%	16.9%
Hseholds w/ Interest, Dividend or Net Rental Income	19.5%	25.5%	27.7%	27.9%	25.1%
Tax Filers Receiving EITC	26.4%	16.9%	12.8%	13.4%	16.6%
Average EITC Refund	$2,124	$1,935	$1,802	$1,836	$1,932
Unbanked Households	11%	7%	5%	n/a	8%
Median Credit Score	n/a	663	694	693	672
Consumers with Subprime Credit Scores	n/a	56.4%	51.0%	51.3%	55.2%
Average Revolving Debt	n/a	$11,157	$12,487	$12,926	$11,863
Average Revolving Credit Utilization	n/a	28.1%	28.6%	28.9%	29.9%
Average Installment Debt	n/a	$24,348	$25,423	$26,474	$23,717
Borrowers 90+ Days Overdue	n/a	4.4%	3.7%	3.7%	4.3%



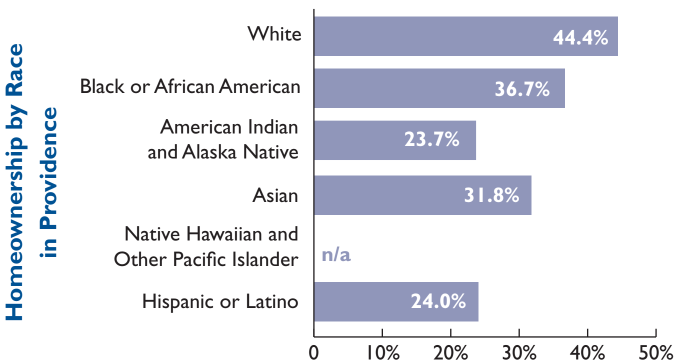


EMPLOYMENT & BUSINESS OWNERSHIP

MEASURE	City of Providence	Providence County	Providence, RI MSA	Rhode Island	United States
Annual Unemployment Rate	13.3%	12.1%	11.4%	11.2%	9.3%
Average Annual Pay	n/a	$43,036	n/a	$41,646	$44,458
Self-Employment	8.4%	9.5%	10.4%	10.9%	12.1%
Microenterprise Ownership Rate	n/a	14.1	17.4	15.1	16.4
Vehicle Non-Availability by Working Household	8.0%	4.3%	3.2%	3.2%	4.9%

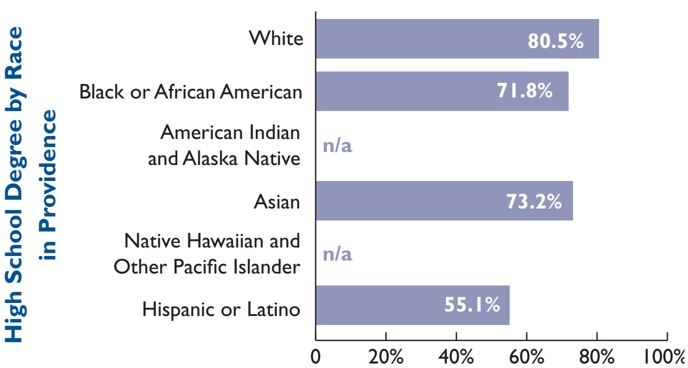
HOUSING & HOMEOWNERSHIP

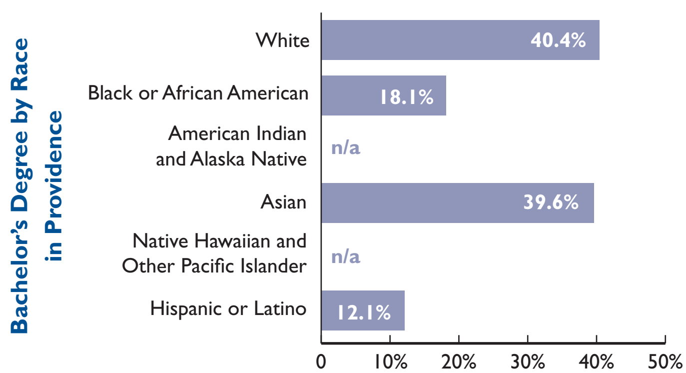
MEASURE	City of Providence	Providence County	Providence, RI MSA	Rhode Island	United States
Homeownership Rate	37.8%	56.7%	63.5%	63.3%	67.3%
Cost Burdened Renters	54.3%	47.6%	45.7%	45.6%	45.7%
Cost Burdened Owners	52.4%	44.0%	40.4%	40.9%	36.3%
Affordability of Homes	7.3	5.7	5.6	5.4	3.6
Average Mortgage Debt	n/a	$191,834	$202,482	$200,799	$195,500
High-Cost Mortgage Loans	n/a	17.8%	14.4%	15.0%	17.5%
Foreclosure Rate	6.3%	3.6%	2.6%	2.8%	3.0%



EDUCATIONAL ATTAINMENT

MEASURE	City of Providence	Providence County	Providence, RI MSA	Rhode Island	United States
Less than High School	27.6%	21.9%	18.7%	17.3%	16.0%
High School Degree	72.4%	78.1%	81.3%	82.7%	84.0%
Associate's Degree	34.4%	32.0%	35.1%	36.9%	34.4%
Bachelor's Degree	29.4%	24.6%	27.4%	29.4%	27.0%
Graduate or Professional Degree	12.7%	9.6%	10.3%	11.5%	9.9%





HEALTH INSURANCE

MEASURE	City of Providence	Providence County	Providence, RI MSA	Rhode Island	United States
Uninsured Rate	n/a	12.5%	n/a	12.0%	17.2%
Uninsured Low-Income	n/a	7.5%	n/a	7.4%	29.4%
Uninsured Low-Income Children	n/a	4.6%	n/a	4.3%	18.3%

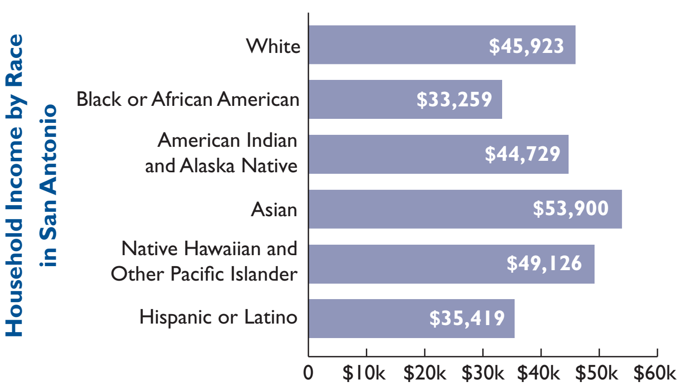
San Antonio

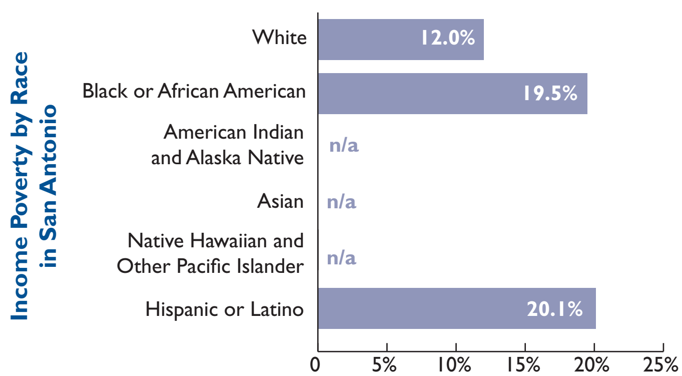
POPULATION DEMOGRAPHICS

MEASURE	City of San Antonio	Bexar County	San Antonio, TX MSA	Texas	United States
Total Population	1,267,984	1,555,168	1,936,735	23,385,340	298,757,310
White	29.3%	32.6%	38.2%	48.3%	66.3%
Black or African American	6.3%	6.8%	6.0%	11.3%	12.2%
American Indian and Alaska Native	0.3%	0.3%	0.3%	0.3%	0.7%
Asian, Native Hawaiian and Other Pacific Islander	2.0%	2.1%	1.8%	3.3%	4.4%
Hispanic or Latino	61.0%	57.0%	52.6%	35.5%	14.7%
U.S. Citizen	91.2%	92.1%	92.9%	89.0%	92.8%
Speak English Less Than "Very Well"	14.8%	13.4%	12.2%	14.6%	8.6%

HOUSEHOLD FINANCES & USE OF SERVICES

MEASURE	City of San Antonio	Bexar County	San Antonio, TX MSA	Texas	United States
Median Household Income	$42,217	$44,664	$46,203	$46,248	$50,007
Income Poverty Rate	14.7%	13.3%	12.4%	13.3%	9.8%
Asset Poverty Rate	33.6%	30.8%	28.6%	29.3%	25.9%
Extreme Asset Poverty Rate	20.0%	18.3%	16.9%	17.5%	16.9%
Hseholds w/ Interest, Dividend or Net Rental Income	17.1%	18.4%	19.9%	20.1%	25.1%
Tax Filers Receiving EITC	26.9%	25.5%	24.0%	22.9%	16.6%
Average EITC Refund	$2,175	$2,163	$2,144	$2,186	$1,932
Unbanked Households	12%	11%	10%	n/a	8%
Median Credit Score	n/a	604	611	619	672
Consumers with Subprime Credit Scores	n/a	68.5%	67.0%	65.7%	55.2%
Average Revolving Debt	n/a	$6,972	$7,071	$6,958	$11,863
Average Revolving Credit Utilization	n/a	26.3%	26.0%	25.3%	29.9%
Average Installment Debt	n/a	$23,648	$24,130	$24,442	$23,717
Borrowers 90+ Days Overdue	n/a	5.6%	5.4%	4.4%	4.3%



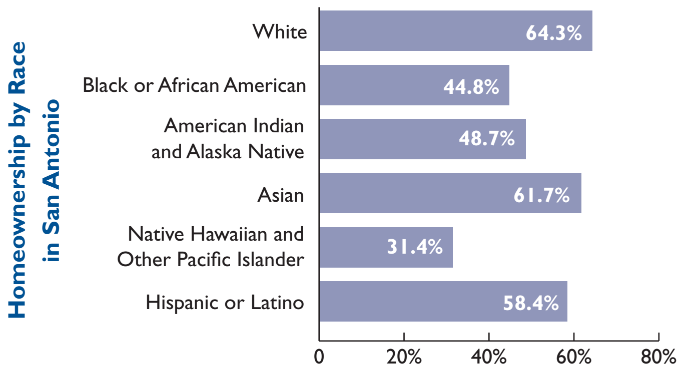


EMPLOYMENT & BUSINESS OWNERSHIP

MEASURE	City of San Antonio	Bexar County	San Antonio, TX MSA	Texas	United States
Annual Unemployment Rate	6.4%	6.8%	6.7%	7.6%	9.3%
Average Annual Pay	n/a	$39,164	n/a	$44,695	$44,458
Self-Employment	10.3%	10.9%	12.1%	13.1%	12.1%
Microenterprise Ownership Rate	n/a	16.1	16.7	17.6	16.4
Vehicle Non-Availability by Working Household	4.5%	4.0%	3.6%	3.2%	4.9%

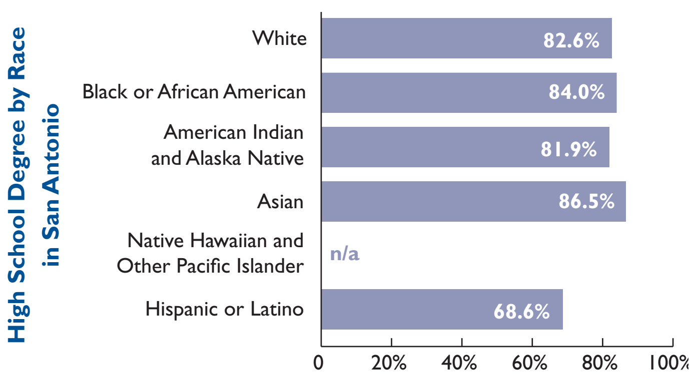
HOUSING & HOMEOWNERSHIP

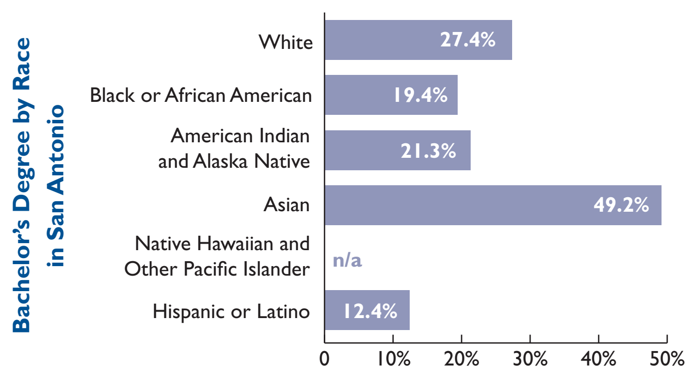
MEASURE	City of San Antonio	Bexar County	San Antonio, TX MSA	Texas	United States
Homeownership Rate	60.6%	63.6%	66.4%	65.2%	67.3%
Cost Burdened Renters	43.6%	43.5%	42.6%	44.3%	45.7%
Cost Burdened Owners	30.2%	29.8%	29.1%	32.5%	36.3%
Affordability of Homes	2.3	2.3	2.3	2.5	3.6
Average Mortgage Debt	n/a	$122,957	$126,253	$135,418	$195,500
High-Cost Mortgage Loans	n/a	17.5%	16.8%	20.3%	17.5%
Foreclosure Rate	1.5%	1.5%	1.4%	1.3%	3.0%



EDUCATIONAL ATTAINMENT

MEASURE	City of San Antonio	Bexar County	San Antonio, TX MSA	Texas	United States
Less than High School	21.3%	19.6%	19.2%	21.4%	16.0%
High School Degree	78.7%	80.4%	80.8%	78.6%	84.0%
Associate's Degree	29.8%	30.9%	30.7%	30.9%	34.4%
Bachelor's Degree	23.1%	24.1%	23.9%	24.7%	27.0%
Graduate or Professional Degree	8.5%	8.8%	8.5%	8.1%	9.9%





HEALTH INSURANCE

MEASURE	City of San Antonio	Bexar County	San Antonio, TX MSA	Texas	United States
Uninsured Rate	n/a	24.6%	n/a	26.3%	17.2%
Uninsured Low-Income	n/a	15.6%	n/a	16.1%	29.4%
Uninsured Low-Income Children	n/a	13.0%	n/a	13.7%	18.3%

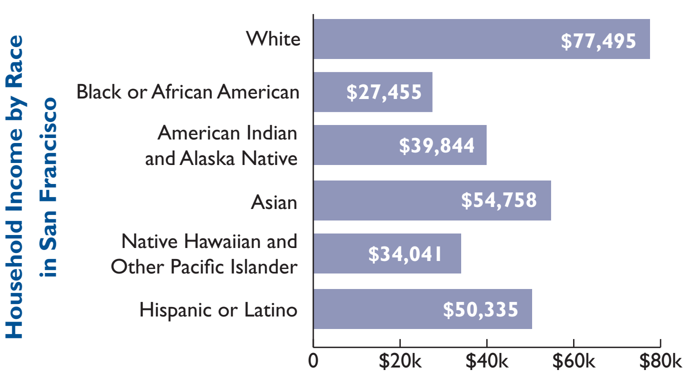
San Francisco

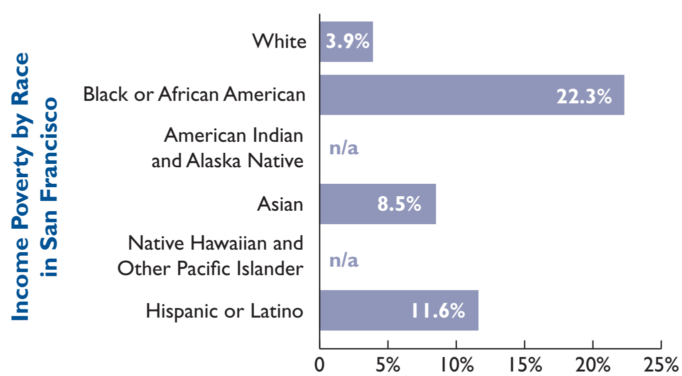
POPULATION DEMOGRAPHICS

MEASURE	City and County of San Francisco	San Francisco, CA MSA	California	United States
Total Population	757,604	4,171,627	36,264,467	298,757,310
White	44.7%	46.0%	43.0%	66.3%
Black or African American	6.7%	8.6%	6.1%	12.2%
American Indian and Alaska Native	0.2%	0.3%	0.5%	0.7%
Asian, Native Hawaiian and Other Pacific Islander	31.9%	22.3%	12.4%	4.4%
Hispanic or Latino	14.0%	19.8%	35.7%	14.7%
U.S. Citizen	86.3%	86.2%	84.5%	92.8%
Speak English Less Than "Very Well"	24.0%	18.0%	20.0%	8.6%

HOUSEHOLD FINANCES & USE OF SERVICES

MEASURE	City and County of San Francisco	San Francisco, CA MSA	California	United States
Median Household Income	$65,519	$72,059	$58,361	$50,007
Income Poverty Rate	7.4%	6.6%	9.7%	9.8%
Asset Poverty Rate	30.7%	24.4%	28.2%	25.9%
Extreme Asset Poverty Rate	21.9%	16.6%	17.7%	16.9%
Households w/ Interest, Dividend or Net Rental Income	31.9%	34.1%	25.2%	25.1%
Tax Filers Receiving EITC	9.6%	9.0%	15.7%	16.6%
Average EITC Refund	$1,376	$1,589	$1,905	$1,932
Unbanked Households	11%	13%	n/a	8%
Median Credit Score	n/a	727	674	672
Consumers with Subprime Credit Scores	n/a	45.1%	54.9%	55.2%
Average Revolving Debt	n/a	$20,284	$17,323	$11,863
Average Revolving Credit Utilization	n/a	34.0%	35.4%	29.9%
Average Installment Debt	n/a	$24,772	$23,480	$23,717
Borrowers 90+ Days Overdue	n/a	3.9%	6.0%	4.3%



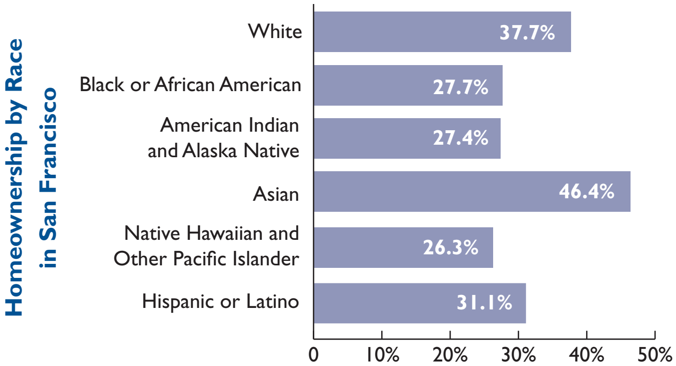


EMPLOYMENT & BUSINESS OWNERSHIP

MEASURE	City and County of San Francisco	San Francisco, CA MSA	California	United States
Annual Unemployment Rate	9.0%	9.7%	11.4%	9.3%
Average Annual Pay	$75,125	n/a	$50,538	$44,458
Self-Employment	16.0%	16.3%	14.9%	12.1%
Microenterprise Ownership Rate	22.3	19.1	17.6	16.4
Vehicle Non-Availability by Working Household	21.7%	7.1%	4.0%	4.9%

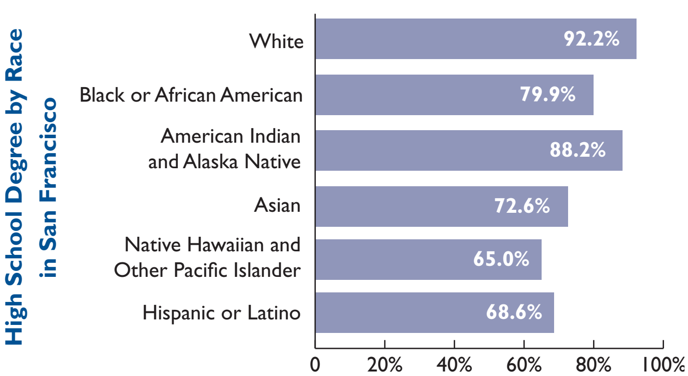
HOUSING & HOMEOWNERSHIP

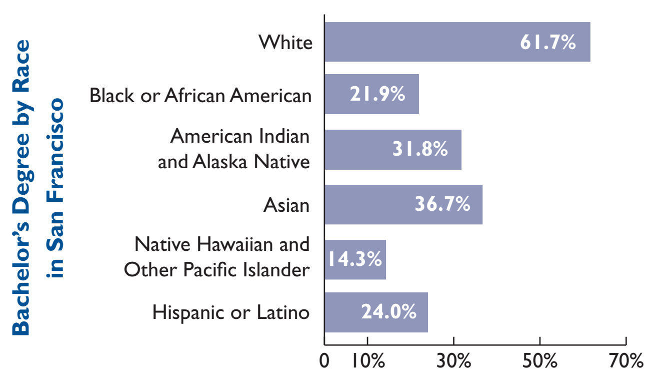
MEASURE	City and County of San Francisco	San Francisco, CA MSA	California	United States
Homeownership Rate	38.4%	58.1%	58.4%	67.3%
Cost Burdened Renters	41.3%	46.9%	51.5%	45.7%
Cost Burdened Owners	51.1%	51.8%	50.8%	36.3%
Affordability of Homes	12.1	9.6	8.8	3.6
Average Mortgage Debt	$511,226	$451,790	$365,192	$195,500
High-Cost Mortgage Loans	7.2%	10.3%	15.1%	17.5%
Foreclosure Rate	0.9%	2.7%	4.0%	3.0%



EDUCATIONAL ATTAINMENT

MEASURE	City and County of San Francisco	San Francisco, CA MSA	California	United States
Less than High School	15.4%	13.2%	20.0%	16.0%
High School Degree	84.6%	86.8%	80.0%	84.0%
Associate's Degree	55.2%	49.6%	36.7%	34.4%
Bachelor's Degree	49.8%	42.5%	29.1%	27.0%
Graduate or Professional Degree	18.7%	16.3%	10.4%	9.9%





HEALTH INSURANCE

MEASURE	City and County of San Francisco	San Francisco, CA MSA	California	United States
Uninsured Rate	18.3%	n/a	20.5%	17.2%
Uninsured Low-Income	9.0%	n/a	11.4%	29.4%
Uninsured Low-Income Children	5.3%	n/a	8.6%	18.3%

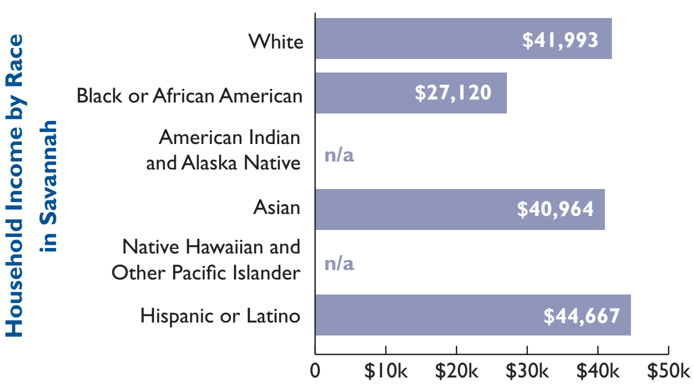
Savannah

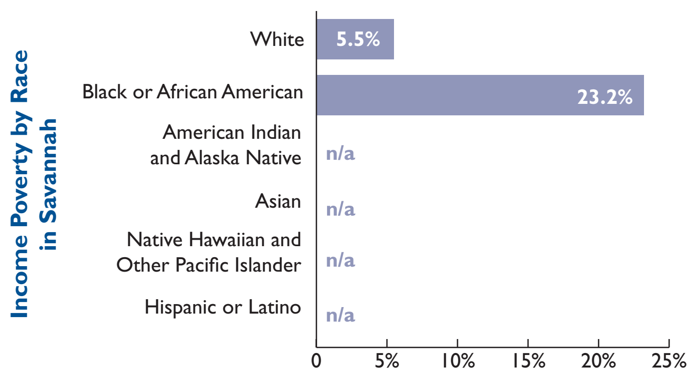
POPULATION DEMOGRAPHICS

MEASURE	City of Savannah	Chatham County	Savannah, GA MSA	Georgia	United States
Total Population	127,526	244,296	321,738	9,331,515	298,757,310
White	36.7%	53.2%	59.9%	59.0%	66.3%
Black or African American	57.4%	40.3%	34.0%	29.4%	12.2%
American Indian and Alaska Native	0.1%	0.1%	0.1%	0.2%	0.7%
Asian, Native Hawaiian and Other Pacific Islander	1.6%	2.3%	1.9%	2.7%	4.4%
Hispanic or Latino	2.8%	2.9%	2.7%	7.4%	14.7%
U.S. Citizen	97.6%	97.5%	97.8%	93.8%	92.8%
Speak English Less Than "Very Well"	n/a	2.5%	2.2%	5.7%	8.6%

HOUSEHOLD FINANCES & USE OF SERVICES

MEASURE	City of Savannah	Chatham County	Savannah, GA MSA	Georgia	United States
Median Household Income	$32,616	$43,443	$46,084	$48,540	$50,007
Income Poverty Rate	16.5%	11.1%	10.3%	11.1%	9.8%
Asset Poverty Rate	40.7%	30.8%	29.7%	25.5%	25.9%
Extreme Asset Poverty Rate	27.1%	20.6%	19.5%	16.6%	16.9%
Hseholds w/ Interest, Dividend or Net Rental Income	14.4%	19.6%	18.9%	19.3%	25.1%
Tax Filers Receiving EITC	30.6%	24.5%	23.1%	22.9%	16.6%
Average EITC Refund	$2,236	$2,162	$2,132	$2,172	$1,932
Unbanked Households	10%	9%	9%	n/a	8%
Median Credit Score	n/a	622	626	626	672
Consumers with Subprime Credit Scores	n/a	63.9%	63.7%	63.2%	55.2%
Average Revolving Debt	n/a	$11,719	$11,589	$11,301	$11,863
Average Revolving Credit Utilization	n/a	29.7%	30.4%	30.9%	29.9%
Average Installment Debt	n/a	$24,612	$24,911	$24,598	$23,717
Borrowers 90+ Days Overdue	n/a	4.5%	4.4%	5.1%	4.3%





EMPLOYMENT & BUSINESS OWNERSHIP

MEASURE	City of Savannah	Chatham County	Savannah, GA MSA	Georgia	United States
Annual Unemployment Rate	9.5%	8.3%	8.2%	9.6%	9.3%
Average Annual Pay	n/a	$37,269	n/a	$42,178	$44,458
Self-Employment	8.6%	10.4%	10.9%	11.1%	12.1%
Microenterprise Ownership Rate	n/a	15.3	14.8	17.2	16.4
Vehicle Non-Availability by Working Household	8.3%	5.3%	4.5%	3.6%	4.9%

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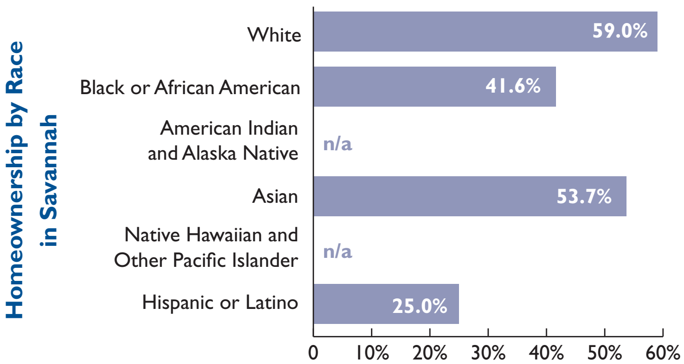
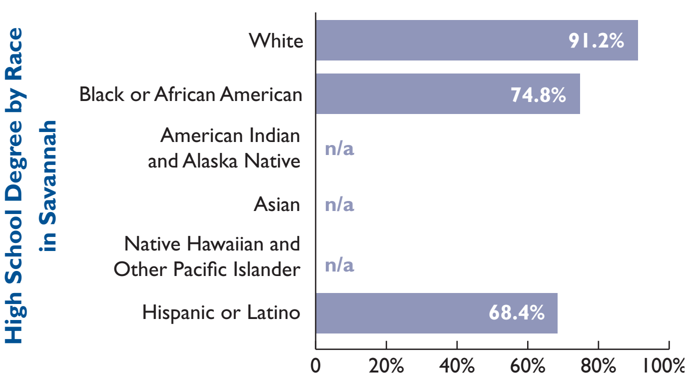
HOUSING & HOMEOWNERSHIP

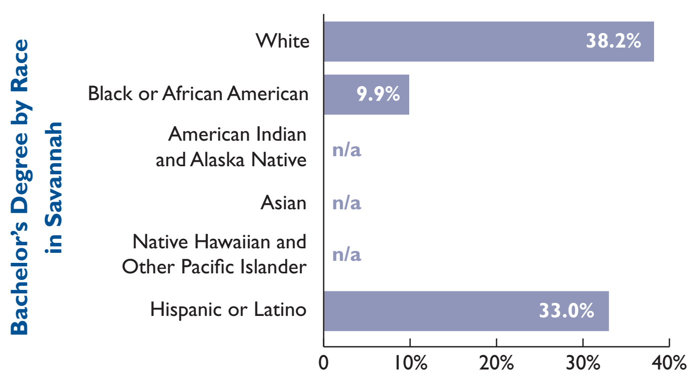
MEASURE	City of Savannah	Chatham County	Savannah, GA MSA	Georgia	United States
Homeownership Rate	49.2%	59.5%	63.5%	67.9%	67.3%
Cost Burdened Renters	55.7%	51.5%	50.1%	44.6%	45.7%
Cost Burdened Owners	41.0%	37.6%	34.9%	33.3%	36.3%
Affordability of Homes	3.8	3.6	3.3	3.2	3.6
Average Mortgage Debt	n/a	$171,787	$169,515	$171,530	$195,500
High-Cost Mortgage Loans	n/a	15.6%	15.1%	18.5%	17.5%
Foreclosure Rate	1.3%	1.4%	1.4%	2.5%	3.0%



EDUCATIONAL ATTAINMENT

MEASURE	City of Savannah	Chatham County	Savannah, GA MSA	Georgia	United States
Less than High School	18.1%	13.7%	14.4%	17.8%	16.0%
High School Degree	81.9%	86.3%	85.6%	82.2%	84.0%
Associate's Degree	30.5%	36.8%	33.7%	32.9%	34.4%
Bachelor's Degree	23.1%	28.7%	26.2%	26.6%	27.0%
Graduate or Professional Degree	8.6%	10.6%	9.2%	9.3%	9.9%





HEALTH INSURANCE

MEASURE	City of Savannah	Chatham County	Savannah, GA MSA	Georgia	United States
Uninsured Rate	n/a	17.3%	n/a	18.8%	17.2%
Uninsured Low-Income	n/a	9.7%	n/a	10.2%	29.4%
Uninsured Low-Income Children	n/a	6.5%	n/a	7.8%	18.3%

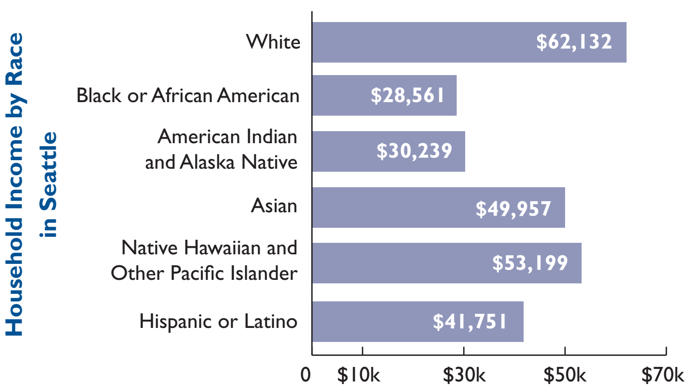
Seattle

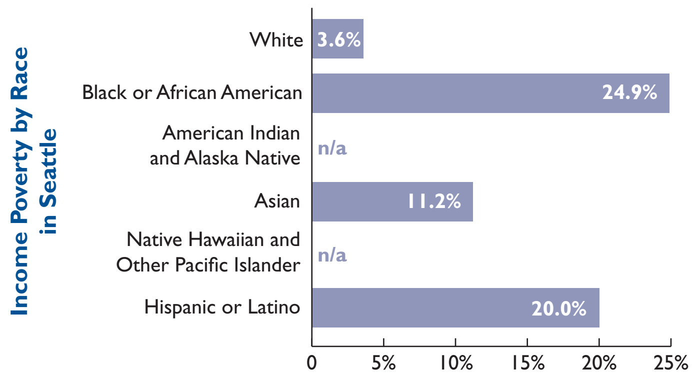
POPULATION DEMOGRAPHICS

MEASURE	City of Seattle	King County	Seattle, WA MSA	Washington	United States
Total Population	565,809	1,832,835	3,259,078	6,371,390	298,757,310
White	67.9%	69.6%	72.7%	76.3%	66.3%
Black or African American	7.5%	5.7%	5.2%	3.3%	12.2%
American Indian and Alaska Native	0.6%	0.6%	0.8%	1.2%	0.7%
Asian, Native Hawaiian and Other Pacific Islander	13.8%	13.5%	10.8%	6.9%	4.4%
Hispanic or Latino	6.2%	7.2%	7.0%	9.1%	14.7%
U.S. Citizen	90.6%	89.4%	91.7%	93.0%	92.8%
Speak English Less Than "Very Well"	11.1%	10.8%	8.9%	7.6%	8.6%

HOUSEHOLD FINANCES & USE OF SERVICES

MEASURE	City of Seattle	King County	Seattle, WA MSA	Washington	United States
Median Household Income	$56,319	$64,915	$61,470	$53,940	$50,007
Income Poverty Rate	7.3%	6.0%	6.4%	8.0%	9.8%
Asset Poverty Rate	28.0%	22.7%	23.1%	23.5%	25.9%
Extreme Asset Poverty Rate	19.8%	15.5%	15.4%	15.2%	16.9%
Hseholds w/ Interest, Dividend or Net Rental Income	36.0%	35.2%	31.2%	29.1%	25.1%
Tax Filers Receiving EITC	8.1%	8.6%	9.9%	12.1%	16.6%
Average EITC Refund	$1,311	$1,563	$1,654	$1,749	$1,932
Unbanked Households	7%	6%	7%	n/a	8%
Median Credit Score	n/a	734	716	712	672
Consumers with Subprime Credit Scores	n/a	43.1%	47.3%	48.0%	55.2%
Average Revolving Debt	n/a	$19,333	$17,274	$14,770	$11,863
Average Revolving Credit Utilization	n/a	33.8%	34.1%	32.8%	29.9%
Average Installment Debt	n/a	$25,897	$25,371	$24,931	$23,717
Borrowers 90+ Days Overdue	n/a	2.7%	3.2%	3.1%	4.3%



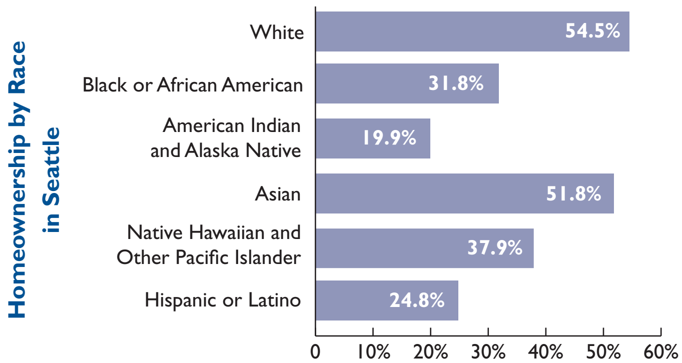


EMPLOYMENT & BUSINESS OWNERSHIP

MEASURE	City of Seattle	King County	Seattle, WA MSA	Washington	United States
Annual Unemployment Rate	7.5%	8.1%	8.7%	8.9%	9.3%
Average Annual Pay	n/a	$56,203	n/a	$45,021	$44,458
Self-Employment	15.3%	13.6%	12.8%	12.8%	12.1%
Microenterprise Ownership Rate	n/a	16.4	15.2	14.9	16.4
Vehicle Non-Availability by Working Household	10.3%	5.1%	3.8%	3.1%	4.9%

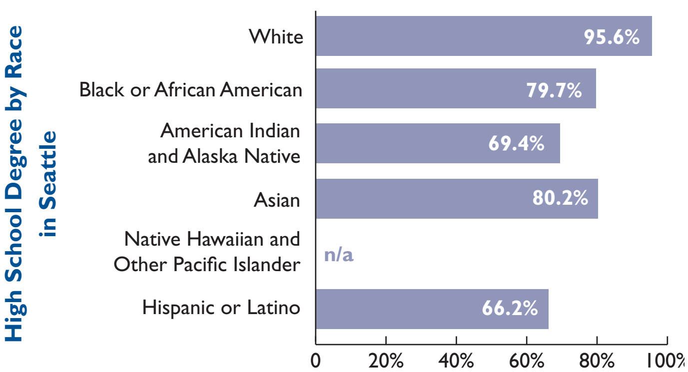
HOUSING & HOMEOWNERSHIP

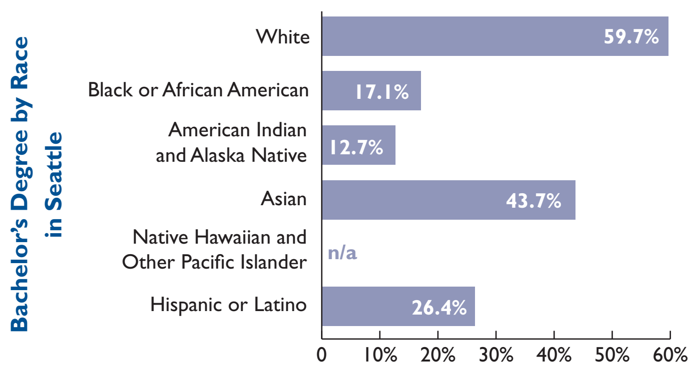
MEASURE	City of Seattle	King County	Seattle, WA MSA	Washington	United States
Homeownership Rate	51.1%	61.9%	63.6%	65.6%	67.3%
Cost Burdened Renters	44.1%	43.8%	44.6%	45.1%	45.7%
Cost Burdened Owners	41.9%	40.0%	41.1%	38.8%	36.3%
Affordability of Homes	7.8	6.0	5.5	4.8	3.6
Average Mortgage Debt	n/a	$309,585	$272,793	$236,054	$195,500
High-Cost Mortgage Loans	n/a	10.3%	12.5%	13.0%	17.5%
Foreclosure Rate	0.8%	0.9%	1.2%	1.3%	3.0%



EDUCATIONAL ATTAINMENT

MEASURE	City of Seattle	King County	Seattle, WA MSA	Washington	United States
Less than High School	8.8%	8.5%	9.2%	11.1%	16.0%
High School Degree	91.2%	91.5%	90.8%	88.9%	84.0%
Associate's Degree	59.4%	51.7%	44.8%	39.3%	34.4%
Bachelor's Degree	52.5%	43.7%	35.8%	30.0%	27.0%
Graduate or Professional Degree	20.9%	15.8%	12.5%	10.6%	9.9%





HEALTH INSURANCE

MEASURE	City of Seattle	King County	Seattle, WA MSA	Washington	United States
Uninsured Rate	n/a	13.2%	n/a	14.3%	17.2%
Uninsured Low-Income	n/a	8.1%	n/a	8.9%	29.4%
Uninsured Low-Income Children	n/a	3.8%	n/a	4.8%	18.3%

Data Measures and Sources

	Data Measure	Measure Description	Source
Population Demographics	Total Population	Total population	U.S. Census Bureau, 2005-2007 American Community Survey
	White	Percentage of population that is White, non-Hispanic	U.S. Census Bureau, 2005-2007 American Community Survey
	Black or African American	Percentage of population that is Black or African American, non-Hispanic	U.S. Census Bureau, 2005-2007 American Community Survey
	American Indian and Alaska Native	Percentage of population that is American Indian or Alaska Native, non-Hispanic	U.S. Census Bureau, 2005-2007 American Community Survey
	Asian, Native Hawaiian and Other Pacific Islander	Percentage of population that is Asian, Native Hawaiian or Other Pacific Islander, non-Hispanic	U.S. Census Bureau, 2005-2007 American Community Survey
	Hispanic or Latino	Percentage of population that is Hispanic or Latino	U.S. Census Bureau, 2005-2007 American Community Survey
	U.S. Citizen	Percentage of population that are U.S. citizens	U.S. Census Bureau, 2005-2007 American Community Survey
	Speak English Less Than "Very Well"	Percentage of population that speaks English less than "very well"	U.S. Census Bureau, 2005-2007 American Community Survey
Household Finances and Use of Services	Median Household Income	Median household income in the past 12 months	U.S. Census Bureau, 2005-2007 American Community Survey
	Income Poverty Rate	Percentage of all families with income in the past 12 months below the federal poverty threshold	U.S. Census Bureau, 2005-2007 American Community Survey
	Asset Poverty Rate	Percentage of households without sufficient net worth to subsist at the poverty level for three months in the absence of income	Estimates calculated by Beacon Economics, based on U.S. Census Bureau's 2004 Survey of Income and Program Participation, Wave 6 (2006) and 2005-2007 American Community Survey
	Extreme Asset Poverty Rate	Percentage of households that have zero or negative net worth	Estimates calculated by Beacon Economics, based on U.S. Census Bureau's 2004 Survey of Income and Program Participation, Wave 6 (2006) and 2005-2007 American Community Survey
	Households with Interest, Dividend, or Net Rental Income	Percentage of households reporting any interest, dividend, or net rental income in the past 12 months	U.S. Census Bureau, 2005-2007 American Community Survey
	Tax Filers Receiving EITC	Percentage of tax filers receiving the federal Earned Income Tax Credit	Brookings Institution (2006)
	Average EITC Refund	Average EITC refund amount per EITC filer	Brookings Institution (2006)
	Unbanked Households	Percentage of households lacking both a checking and savings account.	Estimates calculated by Mia Mabanta, Pew Safe Banking Opportunities Project, based on data from the Federal Reserve Board's Survey of Consumer Finances (2007); U.S. Census Bureau, 2005-2007 American Community Survey; and data on the location of retail financial services locations
	Median Credit Score	Median TransUnion TransRisk Score	TransUnion (Q1 2009)
	Consumers with Subprime Credit Scores	Percentage of consumers with a TransRisk Score <=700 [on a scale of 150-934]	TransUnion (Q1 2009)
	Average Revolving Debt	Average amount of revolving debt per revolving borrower	TransUnion (Q1 2009)
	Average Revolving Credit Utilization	Average utilization of available revolving credit	TransUnion (Q1 2009)
	Average Installment Debt	Average amount of installment debt per installment borrower	TransUnion (Q1 2009)
	Borrowers 90+ Days Overdue	Percentage of borrowers who are 90 days or more past due on any debt payments	TransUnion (Q1 2009)

	Data Measure	Measure Description	Source
Employment and Business Ownership	Annual Unemployment Rate	Annual average unemployment rate of the civilian noninstitutional population 16 years of age and older	U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics (2009)
	Average Annual Pay	Average annual pay for all workers covered by unemployment insurance	U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (2007)
	Self-Employment	Percentage of households reporting any self-employment income in the past 12 months	U.S. Census Bureau, 2005-2007 American Community Survey
	Microenterprise Ownership Rate	Number of firms with 0-4 employees (non-employer firms plus establishments with 1-4 employees), per 100 people in the labor force	CFED calculation based on U.S. Census Bureau, Non-Employer Statistics, 2006; and 2006 County Business Patterns.
	Vehicle Non-Availability by Working Household	Percentage of households (with at least one worker) lacking access to a vehicle	U.S. Census Bureau, 2005-2007 American Community Survey
Health Insurance	Uninsured Rate	Percentage of non-elderly population without health insurance	U.S. Census Bureau, Small Area Health Insurance Estimates (2005)
	Uninsured Low-Income	Percentage of non-elderly population at or below 200% or 250% (depending on the state) of the federal poverty line without health insurance	U.S. Census Bureau, Small Area Health Insurance Estimates (2005)
	Uninsured Low-Income Children	Percentage of children under 19 years of age at or below 200% of the federal poverty line without health insurance	U.S. Census Bureau, Small Area Health Insurance Estimates (2005)
Housing & Homeownership	Homeownership Rate	Percentage of occupied housing units that are owner occupied	U.S. Census Bureau, 2005-2007 American Community Survey
	Cost Burdened Renters	Percentage of renter-occupied units spending 30% or more of household income on rent and utilities	U.S. Census Bureau, 2005-2007 American Community Survey
	Cost Burdened Owners	Percentage of mortgaged owners spending 30% or more of household income on selected monthly owner costs	U.S. Census Bureau, 2005-2007 American Community Survey
	Affordability of Homes	Median housing value divided by median household income	CFED calculation based on U.S. Census Bureau, 2005 - 2007 American Community Survey data
	Average Mortgage Debt	Average mortgage debt per mortgage borrower	TransUnion (Q1 2009)
	High-Cost Mortgage Loans	Percentage of all conventional first lien home purchase loans (1-4 family, owner occupied dwelling) with interest rates three percentage points or more above the yield on a comparable term treasury security	Calculation by Center for Responsible Lending based on Home Mortgage Disclosure Act (HMDA) data (2007)
	Foreclosure Rate	Percentage of all mortgage loans that are in pre- or postsale foreclosure	NeighborWorks America (March 2009)
Educational Attainment	Less than High School	Percentage of population 25 and older who have not completed high school	U.S. Census Bureau, 2005-2007 American Community Survey
	High School Degree	Percentage of population 25 and older who have at least a high school degree	U.S. Census Bureau, 2005-2007 American Community Survey
	Associate's Degree	Percentage of population 25 and older who have at least an associate's (2 year college) degree	U.S. Census Bureau, 2005-2007 American Community Survey
	Bachelor's Degree	Percentage of population 25 and older who have at least a bachelor's (4 year college) degree	U.S. Census Bureau, 2005-2007 American Community Survey
	Graduate or Professional Degree	Percentage of population 25 and older who have a graduate or professional degree	U.S. Census Bureau, 2005-2007 American Community Survey

* New York City level data is a weighted average of borough-level data as the city-level data was unavailable for these measures.

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